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The Pace Student

For the Person of Receptive Mind

April, 1926



What Constitutes a Will Contest?

by

ORRIN R. JUDD, LL. B., C. P. A.

Vice-President of the Irving Bank—
Columbia Trust Company of New York



Maintain Your Educational Headway

by

HOMER S. PACE, C. P. A.

CONTENT *of the* MAGAZINE

EDITORIALS	1-3
MAINTAIN YOUR EDUCATIONAL HEADWAY— <i>A Radio Talk by the Editor</i>	4
ORDER AND BILLING SYSTEM— <i>Discussion of Routine Procedure</i>	6
REORGANIZING THE CORPORATION— <i>Examination Problem and Solution with Comments</i>	7
WHAT CONSTITUTES A WILL CONTEST?— <i>by Orrin R. Judd, LL.B., C.P.A.</i>	10
DISTRIBUTION OF SALES BY QUANTITIES	12
WILLIAM CHAPMAN— <i>Controller of Durant Motor Company of Michigan</i>	13
WORK PROCEDURE IN EXAMINATIONS— <i>Hints for the Student</i>	13
THE VOCATIONAL ULTIMATUM— <i>How not to ask for a Raise</i>	14
ROBERT CORNISH— <i>New Yale Accountancy Instructor</i>	15
MEETING OF PACE ALUMNI ASSOCIATION— <i>Incoming Officers</i>	16
WHAT DO YOU READ AND WHY?	17
THE BOTHERSOME COMMA	20
ARTHUR E. CHANDLER— <i>Obituary</i>	21
EDITORIAL OPINION ON ILLINOIS DECISION— <i>by D. W. Springer</i>	22
INSPECTORS OF ELECTION	24

The Pace Student

A magazine for the student—for “one who practices studying and investigation”—and, generally, for all persons of receptive mind, published monthly by PACE & PACE, of 30 CHURCH STREET, NEW YORK, at a yearly subscription price of \$3.00

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No. 5

He was Wrong

"THE accountant is never justified in going beyond the presentation of facts," remarked a well-known practicing accountant recently.

He was wrong. The balance sheet which he certifies contains, it is true, a statement of facts as to the actual ownership of assets, and facts as to the amount of liabilities existing, but it contains also an expression of judgment as to the value of the assets enumerated. Whenever the accountant undertakes to express judgment as to the worth or value of an asset, he is in the realm of judgment and not in the realm of facts.

The statement of facts is an important part of the work of an accountant, but this part of his work is not of as high an order as is the expression of judgments. It is entirely within the province of the accountant, as it is within that of the lawyer and engineer, to express his judgment in all proper ways. It is neither accurate nor seemly for an accountant to deny the more important part of his calling, and thus unnecessarily to restrict the field of his activity.

Research Opportunity

LET'S suppose you have an economic bent and desire to make a first-hand investigation of trade and commerce, of finance, of marketing, of business organization and promotion, and of other expressions of modern business. How would you set about it?

Would you retire for post-graduate work to an academic environment in order to study with academic professors?

FOR twenty-nine years the State of New York has rigorously maintained high standards in the granting of the certified public accountant certificate—high standards with respect to academic education; high standards with respect to ability to pass technical examinations; and high standards with respect to years of accountancy practice.

These standards are gravely threatened by the Hutchinson-Downing bill now pending in the New York legislature, under which it is proposed to admit by waiver thousands of accountants who, presumably because of lack of academic or technical qualifications, have not obtained the certificate under the existing rules.

Elsewhere the constitutional questions involved in this legislation are fully discussed. Every certified public accountant or other person interested in maintaining high standards in the profession of accountancy should oppose this bill with every means that he may properly command.

—THE EDITOR.

Would you, on the contrary, obtain a position in a large commercial organization and devote your time for months and years to the duties of a particular job?

Or would you, after suitable academic and technical preparation, become a public accountant, and in connection with your duties study the work and operations of wholesale and retail trading, of department stores and chain stores, of shipping and railroading, of stock and other brokerage, of commission trading, of non-profit organizations, and of the many other institutions with which the accountant in actual practice comes in frequent and intimate contact?

Herein is found a big thought for the young man with sound academic education and a research ambition—the young man who aspires to make a real contribution to education and economic technology by the discovery and presentation of principles on which the structure of modern trade and industry depends.

Good Craftsmanship

GOOD craftsmanship is a term used in a broad sense to describe work performed in a complete and satisfactory manner. The lawyer shows good craftsmanship when he prepares a case properly for trial, and tries it without slip, fault, or unnecessary error. Likewise, the accountant attains good craftsmanship when he performs his audit or investigation in a complete manner, preparing all necessary working papers in good form, and making a report that is suited to the work and the needs of his client. Good craftsmanship in any calling or profession, means the ability, as well as the inclination, to perform each step of the job in hand in a complete and business-like manner. It is the commonplace but necessary cornerstone to success, without which mere brilliancy avails but little.

Accountancy follows Capital

THE expression "trade follows the flag" is a common one, and has often been used to justify colonial expansion.

It may also be said that "accountancy follows capital." The basis was laid thirty or forty years ago for many of the largest accountancy practices in the country—laid at the time when British capital was being sought and used for the development of American railroads and business enterprises, and even for farm loans. British accountants were naturally chosen to make the investigations that were a necessary preliminary to investment, and later they were retained to conduct audits.

Conditions have changed, and the

United States is now financing business enterprises, and even governments and cities, in every part of the world. Accountancy is again following capital, but the capital is American and the accountant is American.

American capital, backed by American energy and by American technical engineering and accounting ability, will hold and maintain a commanding position in world-wide affairs of trade and commerce.

A Greater Accountancy

THERE is a private practice of accountancy as well as a public practice. Accountants in private practice serve as controllers, treasurers, and auditors. The abilities of many of these accountants in private practice compare favorably with the abilities of accountants in public practice.

Some way should be found for bringing private accountants of undoubted standing and ability into the ranks of the greater profession of accountancy. Why not? The professional standing of an engineer does not depend upon whether he serves clients as a consulting engineer or serves a railroad or a manufacturing concern as chief engineer. By far the larger number of engineers work for a salary and are in private employment. Is there not an analogy in accountancy?

There should be a distinction, no doubt, between the public accountant and the private accountant, but each must possess the same fundamentals of technical knowledge. Cannot a way be found for affiliation that is based on technical knowledge, even though a distinction be made between those of us who work for fees and those who work for salaries?

A greater accountancy is both possible and desirable.

Slogans

THE modern slogan is a commercial proverb. Slogans sprout from commercial roots, like broadcasting and many other things, in this commercial country of ours. These commercial

"saws" take such form as "an apple a day will keep the doctor away," or "eventually, why not now?" In a higher and less commercial form they are expressed in community slogans, such as "watch your step," "safety first," and "shop early."

The Chinese are at least a thousand years in advance of us in this matter, because they have long since provided symbols to express the highest form of desires and virtues. For example, there is a symbol, often displayed on textiles, dishes, and other articles of ordinary use, as well as on banners, which expresses the ideal of a long and happy life. The whole thought is expressed by one character, which is instantly appreciated and understood by one who sees it. Contentment and other virtues are likewise expressed.

Note a very high state of development in this respect. The idea expressed by the symbol slogan is not one of selfish or individual profit, but a general virtue or desire; and words and phrases are supplanted by an attractive symbol that instantly tells the whole story.

We are still, by comparison, in the early stages of proverb making, and have not yet developed fully our psychology mechanism for developing virtues.

The Illinois Decision

THE recent decision of the Supreme Court of Illinois, by which accountancy legislation passed in 1925 is held to be unconstitutional, is of interest to accountants everywhere. Particularly, the decision is of interest in New York, because of the fact that various bills intended to modify or supplant the present C. P. A. law are now pending in the legislature.

The Illinois law, in brief, provided that the persons holding certificates of certified public accountant under the previous law should continue to be known as certified public accountants. It provided, further, for the recognition of other practicing accountants as "public accountants," and for the later admission of accountants who were also to be known as "public account-

ants." The decision held that there is a substantial distinction in the public mind between a certified public accountant and a public accountant, and that, because of the fact that no citizen who is not a certified public accountant could, under the law, attain that status, a special and unconstitutional privilege was extended to certified public accountants, and a discrimination was made against those who were not allowed to attain that credential.

From the viewpoint of legislation now pending in New York and other states, by which the attempt is made to restrict the public practice of accountancy to certified public accountants or other accredited accountants, the part of the decision relating to the power of the state to exercise such control is of the greatest interest. After stating that such a restriction can be based only on the police power of the state to make and to enforce laws and regulations necessary to maintain the public health, comfort, safety, or welfare, the decision states the question "Does the business of accounting affect the public health, comfort, safety, or welfare?" It is stated that, unless it does, the restriction of accountancy practice is not permitted under the constitution. The conclusion of the court on this important matter is summed up in the statement that "Such an act does not spring from a demand for the protection of the public welfare, but is an unwarranted regulation of private business and the right of the citizen to pursue the ordinary occupations of life."

This decision, and a similar one in Oklahoma, were not available at the time that the original restrictive bill known as the "McGinnies Bill" was introduced in the New York legislature in 1924. The Hutchinson-Downing bill, now pending in the legislature, provides for the restriction of all public practice of accountancy to certified public accountants, and for the granting of the certified public accountant certificate by waiver (that is, without examination, but subject to certain restrictions) to accountants in public practice January 1, 1927, who have

been in such public practice for three years previous to that date.

The primary object of legislation of this type, at least so far as the public interest is concerned, is to regulate the practice of accountancy in the same way that medical and dental practice is regulated. If the bill should become law, several thousand certified public accountants would presumably obtain their certificates without examination. If, afterward, the restrictive clause of the law should be held unconstitutional, the primary object of the legislation would be defeated, the standards maintained for twenty-nine years by rigorous examinations would be lamentably lowered, and the interests of the public and of professional accountancy in general would undoubtedly suffer greatly.

Counsel of the New York State Society of Certified Public Accountants, in opposing the Hutchinson-Downing bill at the hearing held at Albany on March 30, based his opposition on the question of constitutionality of the restrictive clause, and cited the Illinois and Oklahoma cases in support of his argument, pointing out the close relation between the language of the memorandum by which Governor Smith vetoed the McGinnies bill and the language of the Illinois decision.

The far-reaching importance of the Illinois decision, the full text of which was printed in the March issue of this magazine, is apparent. If the courts of other states follow this decision and the decision handed down in Oklahoma, the type of legislation which has been passed during the first thirty years development of accountancy will continue, subject to incidental improvement and modification. If, on the other hand, it is generally held by the states that it is within the police powers under the various constitutions to restrict accountancy practice to accredited practitioners, then the restrictive idea will prevail. At this time, it looks as if the practice of accountancy is not likely to be restricted to accredited practitioners in the manner that medical, dental, and law practice is restricted.

The American Institute

THE Council of the American Institute of Accountants is to hold its semi-annual meeting in the Institute's building, 135 Cedar Street, New York, on April 12th. This Council is composed of thirty-five members, who represent twenty-two different states. The Institute which they represent has



ARTHUR S. SWENSON

Incoming President,
Pace Alumni Association

It is fitting that the Pace Alumni Association, the membership of which is made up largely of certified public accountants and controllers, should elect to its presidency a member who is engaged in accountancy practice as a certified public accountant, and who has also had extensive experience as a private accountant.

Arthur S. Swenson, C.P.A., who was elected to the presidency at the meeting of the Association held on March 21st, has all these technical qualifications, together with the necessary supporting qualities of geniality and devotion to public service. By reason of his work as vice-president of the Association and governor, he is thoroughly familiar with the affairs of the Association, and his administration promises to be a most successful one. Mr. Swenson is in practice on his own account as a member of the accountancy firm of Martin Kortjohn & Co.

Mr. Swenson's official staff will be made up of: Oscar J. Youngberg, first vice-president; Joseph Sussman, C.P.A. (N. Y.), second vice-president; and Frederick M. Schaeberle, C.P.A. (Ohio), executive secretary. The new Governors elected are: G. H. Coppers, Class of 1925; Mrs. Florentine D. Goodrich, Class of 1916; Frederick J. Haller, Class of 1924; E. O. Kallman, Class of 1923; J. C. Myer, faculty representative; E. Talvensaari, Class of 1919 and faculty representative; and Harry Weinstein, Class of 1925.

an unbroken record of society existence, in conjunction with its predecessor, the American Association of Public Accountants, for a period of forty years—a long period of time as things go in the development of a new profession.

The Council meets in the Institute's own building, in which are housed the administrative staff of the Institute, its publishing interests, and the largest and most complete accountancy library in this country. The substantial character of the Institute's equipment merely reflects its long and successful career as a society, and the standing of its members as practitioners.

The Council of the Institute, as well as the directive bodies of other accountancy societies, are confronted with problems of serious import. Legislative matters are seething in many states. The profession has been saved a disaster in Illinois only by reason of a court decision. In New York, the wide-open character of proposed legislation is a menace to the high standards maintained in the Empire State for a period of approximately thirty years.

These problems, and others, call for clear thinking and decisive action on the part of those who carry the responsibility of directing the good ship "Accountancy" into quiet waters.

Radio Editorials

USEFUL ideas of various kinds, in these days of broadcasting, travel through the ether in company with mushy jazz titles, barbaric rhythm, and blatant advertising. There is still some market for sensible and helpful things. Excessive repetition of tawdry entertainment, like over-feeding, works its own cure.

This magazine is the originator, we believe, of radio editorials, projected upon a more or less attentive world through Station WMCA. Now and again, a verbal javelin finds its mark in the vast jungle of the eastern seaboard, and some person is induced to sit up and think. We repeat these radio editorials in printed form for the sake of the record and in order to fill requests for copies.

Maintain Your Educational Headway

Discipline of First Job Compared with High-School Discipline • Slackening of Mental Headway • Continuation Study in Evening Helps to Maintain Educational Headway • Radio Talk by the EDITOR

WE have a very common term that is used with respect to maintaining progress or headway of any kind—I refer to the expression “keep it rolling.” A foreman often tells his men to “keep it rolling” when they are pushing a physical object along by main force, because he knows that it is easier to keep the object moving than it is to start it from a dead stop.

In the same way any man knows, when he is pushing along his automobile, or his business venture for that matter, that he had better keep the machine or the proposition moving rather than to allow it to come to a dead stop. He exerts himself in every way to “keep it rolling.”

A business is known as a “going concern” when transactions are actually taking place. There is a great difference, as every man knows, between a going concern and one that is not going, even though the stock of goods and equipment are the same. Value is lost just as soon as the venture comes to a standstill.

Look where you will, no sensible person wants to lose headway in any desirable undertaking—no one wants to expend energy in overcoming the inertia of a stationary mass. Headway or momentum in any desirable thing is an asset of real importance and value.

Mental headway or momentum can be described by the term “educational headway.” By this term I mean the headway acquired by anyone who engages in the systematic development of his intellect. The most common way of obtaining educational headway is by systematic study of courses given in schools of various kinds.

The courses taught in common schools, high schools, colleges, and technical schools of one kind or another, are merely progressive mental exercises of varying kinds. In the subject of mathematics, the range of exercises extends all the way from the learning of the numerals and the methods

of making simple number combinations, to the intricate calculations required in engineering and astronomical study. In the subject of languages, the exercises extend all the way from the c-a-t—CAT, of the reading chart, to the mastery of foreign languages, and the work in gaining an understanding of languages that are no longer spoken. In the subject of history, the exercises extend from simple statements of fact with respect to the affairs of our own country, to a review and study of the most important affairs of all recorded history, and to speculation on current international affairs of an intricate nature. By progressive courses of study of this kind, the schools awaken curiosity on the part of boys and girls, stimulate the acquisition of both facts and principles, and ultimately develop an educational headway which the individual should carry along throughout his entire life.

Real Function of a School

The function of the school, therefore, is—as the Institute views the matter—not so much to provide a boy or girl, or a man or woman, with a complete mental equipment of some kind, as it is to help such a person to acquire a continuing desire for knowledge and the capacity measurably to satisfy that desire—in short, to bring about educational headway as a continuing and normal state of mind.

Well, all this being true, what happens when a young man or young woman leaves high school or college, and takes a position in business? Is any thought given to safeguarding the headway gained by twelve or sixteen years carefully planned and supervised mental work, or does the person who takes the job, and the world in general, look upon the school experience as a closed chapter? Does the young man or woman see any relation between the Latin, the French, and the chemistry of the classroom and the duties of the

office boy job, or the typewriting job, or the stock clerk's job that falls to his or her lot? In short, does the young man or young woman keep his or her mental vehicle “rolling,” or does he or she allow it to slow down and finally come to a dead stop?

Consider for a moment the extreme contrast, from the mental development viewpoint, between the conditions surrounding a senior in high school, and the conditions under which the senior is likely to work in a job obtained immediately after graduation. In high school he carried four or five subjects of study, which were the logical culmination of eleven years previous study. He was under constant pressure to attain good results in each class recitation, and to pass the various examinations which preceded his graduation. He was stimulated to attain honors of various kinds, and he was held to high standards as a condition precedent to his taking part in various desirable athletic and social activities. The eyes of the school world of which he was a part—the eyes of both teachers and students—were very much fixed upon him, and he was continuously stimulated to put forth the best efforts of which he was capable. All these efforts came to a head in graduation and the achievement of a certain objective which had been kept in his mind for a number of years.

Contrast the Environment

Imagine, if you will, the foregoing environment in contrast with the environment of the graduate when he begins work, let us say, as an errand boy and general clerk in a business office. His employer is a manufacturers' agent who occupies two or three small offices and employs six or eight people. The young man opens the office in the morning, he opens and sorts the business mail and places it upon the proper desks, after which he holds himself available for errands and

any incidental clerical work that may be turned over to him. His errands take him up-town and down-town. Sometimes he carries heavy packages of samples or circulars. Sometimes he addresses envelopes to a mailing list in order to fill in his time. He makes blunders and is reprimanded for them. He never does anything brilliant, because there is seldom anything brilliant to do in a job of that kind. He starts, because of his high school education, at \$14 a week, and after six months or a year is promoted to \$16 a week. There is little in the environment to inspire or to encourage—an endless routine of errands and small duties.

This instance is not far fetched—it is taken from hundreds that have come under the observation of the Institute. The duties of a beginning position, no matter whether the office is large or small, are commonplace and help but little in maintaining mental headway.

What Happens to the High School Graduate?

Just what happens to this typical young man so far as his real mental interest and development are concerned, during the first year or two of his vocational experience? Will he grow by reason of his work, or will he retrogress? Will his duties stimulate him, or will they dampen the fine enthusiasm acquired by intimate contact with his idealistic instructors? Will the environment cause a slowing down of his mental activity and eventually lay the basis for mental stagnation, or will this young man, by reason of his vocational momentum, carry over this dangerous period and later on come into the full stride of his abilities?

The outcome depends pretty much upon whether the young man, during these early and formative business years, limits his development to the performance of his routine duties in the job he holds, or whether he consciously and definitely undertakes coincident mental development that will bring his discipline and his working load back to his school-day standards.

Set it down as an unquestioned fact, that a beginning job never imposes discipline equal to that of the school curriculum. The short hours of the job, the humdrum nature of its duties, the unoccupied evenings, the freedom from pedagogic restraint—all these things bode ill for the youngster when he takes a job and "goes to business." Don't baby him at this crucial stage of his career—keep him busy. See to it

that part of his spare time is used for systematically keeping up his athletics—two or three evenings a week. But be just as sure that two or three evenings each week are devoted to keeping up his intellectual interest—to maintaining the educational headway which he acquired by painstaking study during his school days.

You may ask how all this can be brought about to the best advantage. To this query I must answer, that it is a matter of vocational planning—a matter of substituting headwork and vocational control for the old-fashioned and expensive vocational drifting, of which we have all seen so much.

Steps to be Taken

First, the planning should begin by the time the student enters high school. A careful review of the courses available should be made, and a selection should be made on the basis of the natural abilities of the student and other factors that must be taken into account.

Second, if the student is not able to go to college, but must take a position upon high school graduation, or possibly sooner, more than ordinary care should be taken to obtain for him a position of the right kind. While the duties of a beginning job may be about the same in two organizations, there is often a great difference with respect to the environment. I know of an office boy's position which stimulates any young man who holds it, because of the notable successes in life that have been obtained by men who once held the same position. Much depends on obtaining the right kind of moral and business environment in the first job taken.

Third, before leaving school the young man should be impressed with the fact that under no circumstances is he to discontinue systematic study. He should take his position with the idea that he must carry with it two or three evenings study and recitation a week. He should begin preferably with the study of some technical subject related to his work or to a position to which he may reasonably aspire. If he needs further academic study, such study can often be postponed with advantage until some technical training has been received. The work and the study should move off as correlated parts of a program which is to be carried along over several years' time. The program should include provision for athletic work as before suggested. The

complete plan, therefore, will call for, let us say, five and one-half days' work a week, and five evenings of study and athletics. Plenty of time will be left for the normal young man to carry along his purely social affairs, and a work load will be established that will be comparable to the load carried in high school. The program, of course, would not usually include evening study during the summer months, so that the full program would be in effect not more than nine or ten months each year.

Fourth, in conjunction with carrying out the program thus far suggested, care should be taken for the young man to have competent advice on every important vocational matter that arises. For example, from time to time questions will arise as to change of position, applications for increase of salary, and the like. The young man from his limited experience can not be expected to exercise sound judgment in these instances, and should have the advantage of the counsel of someone thoroughly familiar with vocational affairs.

Object of Discussion

I have done little more than to give you in the roughest outline, a general program by which the mental development and business advancement of the young man may be assured. For the college graduate the procedure would be somewhat different, although in the main, the same principles apply. What I have given you is much more than a theory, as we have available at the Institute hundreds of examples in which the foregoing program has in substance been carried out by high school and college graduates. The object of my talk, however, has not been so much to give you the details of a complete program, as it has to bring into relief the vocational importance of the period that follows the cessation of regular school or college work.

The work habits of the great majority of business men, it should be remembered, are formed during the first few years of their experience, and any slump-off at this time from the discipline imposed by school work, will result either in mental stagnation or in a slowing up which must be overcome later, if at all, by the exertion of extraordinary will power.

If, by chance, any one of my hearers has slowed down in the matter of mental development, it is, of course, not necessary to lose courage. It is

true that it takes an energetic expression of will power to overcome mental inertia; but the mind, like a physical mass, will respond to the application of power, and once under way the momentum attained is a powerful factor to help one to roll over the minor obstacles that get in his path. The mind, it should be remembered, is not like the body, which reaches its maxi-

imum efficiency at an early age, for the mind can be developed over practically one's entire lifetime. In order to obtain this development, however, it is imperative that the mind should at all times be receptive and active and in the process of development—that is, there must be educational headway of the type I have attempted to describe in this article.

and, if necessary for other operating purposes, additional copies may be made.

Items Not in Stock

It sometimes happens that the shipping department is short of a particular item. Notation to the effect that the item is out of stock and has not been shipped is made on the carbon copy that is kept by the shipping clerk and on the carbon copy that is returned to the order and billing clerk. When the copies of the form are inserted in the typewriter for the purpose of inserting billing figures, the clerk notes opposite the item that was ordered but not shipped the words "back ordered" instead of the money amount, and places a footnote at the bottom of the forms to the effect that shipment will be made as soon as the goods are stocked. At the same time, a new form is made out for the material that was not shipped, just as if it had been ordered separately by the customer. The new order form follows the same routine as the original order, except that it is given priority over orders for the same kind of material subsequently received.

Printing in Name of Products

The concern handles some forty different products. Twenty-five of the products are the subject of frequent orders, and the remaining fifteen products are ordered only occasionally—say on about ten per cent. of the orders. It is the policy of the concern to quote a uniform price to every customer. A certain few favored customers, however, are allowed trade discounts ranging from one per cent. to four per cent.

In order to save the clerical operation of writing out the name of the product each time, the names of the twenty-five major products and the unit selling prices are printed on the bill forms. The printing is spaced to conform to typewriter spacing. Sufficient space is left at the bottom of the bill form for the insertion of items the names of which are not printed. The names and prices of these items, of course, are typewritten in full when such items are ordered. By this simple expedient, it becomes unnecessary for the typist to write out the names of the products that are most frequently ordered. The quantities are merely inserted in the quantity column, and the total amount (quantity times price) is entered in the amount column.

The form is so designed that window envelopes may be used, and the work of addressing envelopes, and of checking such work, is eliminated.

Order and Billing System

Routine Procedure of Handling Customer's Order • Preparation of Invoice • Labor-saving Expedient • •

CONSIDERABLE clerical detail is involved in the routine procedure attendant upon recording a customer's order, making out the necessary shipping instructions for the shipping department, following up the shipping order in the event that shipment is not reported promptly, and making out and recording the invoice when shipment has been made. By adoption of the simple system herein described, which was designed by a certified public accountant, an appreciable saving of time and expense was effected by the client.

When Order is Received

When an order is received, it is first routed to the credit clerk for approval of the customer's credit. It is then routed to the order and billing clerk. This clerk makes out a numbered form in quadruplicate, containing the customer's name and address, shipping instructions, terms, details of the items ordered, and other information that ordinarily is placed upon an order or an invoice.

Each copy of the form is of a distinctive color. The first and second carbon copies are forwarded to the shipping clerk. The original and the remaining carbon copy are retained by the order and billing clerk and are placed in a numerical tickler file.

The shipping clerk packs the goods and forwards them in accordance with instructions. He returns the first carbon copy of the form to the order and billing clerk and retains the second carbon copy in a numerical file.

Upon receipt of the first carbon copy from the shipping clerk, the order and billing clerk removes the original and the remaining carbon copy from the tickler file. The clerk stamps the original and the two carbon copies with the current date (date of shipment) by means of a rubber-stamp dater, and imprints a number on all of them by means of a numbering machine. The date and the number become, respectively, the invoice date and the invoice number, and are so designated by appropriate marking on the form.

Computing the Amount

The order and billing clerk computes the amount (price times quantity) of each item and the amount of the invoice and enters them on the carbon copy of the form that was returned by the shipping clerk. The original and the other carbon copies are placed in the typewriter, and the amounts entered in pencil on the carbon copy returned by the shipping clerk are typed in.

The original is then put in an envelope and is mailed to the customer as an invoice. The carbon copy received from the shipping clerk becomes the official duplicate of the invoice and is filed in a post binder. From this carbon copy, entry is later made in the sales book, and posting is made to the customer's account. The remaining carbon copy is filed in another file under the name of the customer. In the particular business it is deemed necessary by the management to have readily available a record of shipments made to each customer. The system is flexible

Reorganizing the Corporation

Examination Proposition of Current
Interest • Rules of American Institute as
to Certification of Statement • Solution
by the ASSOCIATE EDITOR • • •

SCARCELY a week passes in which the financial pages of the daily press do not record the actual or proposed merger or consolidation of corporations with capitalization running into the millions of dollars. Notable among these reorganizations are the merger of The Chase National Bank and The Mechanics & Metals National Bank, and the proposed consolidation of a number of large chain-store grocery concerns.

Because of these current developments in the business world, the accountant and the student of accountancy will find particular interest in a proposition that is based upon circumstances having to do with a corporate reorganization. The proposition is similar to a proposition given in a certified public accountant examination in a middle-western state. The proposition follows:

Proposition

The Doe Manufacturing Company of New Jersey was unable to meet the interest on its outstanding bonded indebtedness on December 31, 1925. The condition had been foreseen for some time, and steps had been taken to reorganize the company. The reorganization plan had been agreed to by the stockholders and the bondholders. The plan contemplated the formation of a new corporation, to be known as The Doe Manufacturing Company of Delaware. The stockholders and bondholders of the New Jersey corporation were to turn over, as at December 31, 1925, their securities and to pay a cash assessment, receiving in return securities of the new corporation.

The basis for the exchange of securities was as follows:

Each bondholder to be given \$750 par value of preferred stock and \$450 par value of common stock of the Delaware corporation for each \$1,000 par value of first mortgage 8 per cent. gold bonds of the New Jersey corporation.

Each bondholder to be given \$100 par value of preferred stock of the Delaware corporation for each \$100 of accrued interest on the above bonds.

Each stockholder to be given \$75 par value of preferred stock and \$50 par value of common stock of the Delaware corporation for each \$100 par value of preferred stock of the New Jersey corporation and \$25 cash.

Each stockholder to be given \$30 par value of preferred stock and \$95 par value of common stock of the Delaware corporation for each \$100 par value of common stock of the New Jersey corporation and \$25 cash.

The Delaware corporation was then to take over the assets of the New Jersey corporation and to assume its outstanding liabilities other than the bonded

THE DOE MANUFACTURING COMPANY OF MAINE

Balance Sheet as at December 31, 1925

ASSETS

	Appraised Value	Value per Books	
<i>Capital assets (net value):</i>			
Land.....	\$ 200,000.00	\$ 171,000.00	
Buildings.....	396,201.82	401,872.50	
Machinery and tools.....	358,740.91	374,912.12	
Furniture and fixtures.....	41,290.50	56,721.42	
			\$1,004,506.04
<i>Current assets:</i>			
Cash.....	48,921.90	48,921.90	
Notes receivable.....	27,500.00	27,500.00	
Accounts receivable (net realizable value).....	161,215.04	165,490.09	
Accrued interest.....	550.00	550.00	
Sundry debtors.....	8,270.60	8,495.00	
Inventories.....	173,843.19	190,895.51	
			441,852.50
<i>Deferred charges:</i>			
Unexpired insurance premiums.....	4,126.12		4,126.12
			<u>\$1,450,484.66</u>

LIABILITIES

<i>Capital liabilities:</i>		
6 per cent. first mortgage gold bonds.....		\$ 100,000.00
<i>Current liabilities:</i>		
Accounts payable.....	\$ 95,468.93	
Accrued bond interest.....	3,500.00	
Miscellaneous accruals.....	8,247.50	
		107,216.43
<i>The Doe Manufacturing Company of New Jersey.....</i>		291,400.90
<i>Capital stock.....</i>		750,000.00
<i>Surplus.....</i>		201,867.33
		<u>\$1,450,484.66</u>

indebtedness and interest thereon, settlement for which was to be made as above indicated. The assets were to be taken over at an appraised valuation.

A statement of financial condition of the New Jersey corporation as at December 31, 1925, appears below:

Arrangements had also been made

whereby the Delaware Corporation was to receive from the minority stockholders of the Maine corporation (the majority of whose stock was held by the New Jersey Corporation) all their stock in the Maine corporation in return for \$100 par value of preferred stock and \$50 par value of common

stock of the Delaware corporation for each \$100 par value of stock of the Maine corporation.

The Delaware corporation was then to take over the assets of the Maine corporation at an appraised valuation and to assume its outstanding indebtedness. This arrangement was agreed to by the bondholders of the Maine corporation, with the understanding that the Delaware corporation would guarantee the bonds of the Maine corporation.

A statement of financial condition of the Maine corporation is displayed on page 7.

The reorganization expenses were to be \$100,000, which were to be paid in cash immediately and charged off.

Submit: (a) statement of financial condition of the Delaware corporation as it would appear after giving effect to the proposed reorganization and financing; (b) statement reconciling surplus shown by the balance sheet of the Delaware corporation with surpluses shown by the balance sheets of the New Jersey and Maine corporations to show causes for differences, if any.

Solution

While journal entries for the various proposed transactions are not required as part of the solution, their use is advisable. Each step can be made the subject of definite technical record by means of journal entries; and as the entry is formulated the particular part of the proposition that is thus disposed of can be ticked off. By the use of journal entries, therefore, a systematic solution may be built up, and the candidate will not find it necessary to carry the numerous details in his memory.

The proposition states that the newly-formed corporation was to take over the assets of the old corporation and to assume certain outstanding liabilities. A subsidiary corporation is also brought into the proposition and the newly formed corporation was to take over the assets and assume the liabilities of the subsidiary. It is not stated what steps will be taken in connection with the acquisition of the assets and assumption of the liabilities of the predecessor corporations. Since, however, the newly formed corporation acquires all of the outstanding stock of the predecessor corporations, it is logical to assume that this was to be done by merger, or by turning over to the old companies their outstanding capital stock held by the new company, and by extinguishing of obligations of the old company

THE DOE MANUFACTURING COMPANY OF NEW JERSEY

Balance Sheet as at December 31, 1925

ASSETS

	Appraised Value	Value per Books	
<i>Current assets:</i>			
Cash.....	\$ 51,948.09	\$ 51,948.09	
Notes receivable (net realizable value)	535,575.08	572,861.20	
Accounts receivable (net realizable value).....	640,208.09	689,120.10	
Accrued interest (net realizable value)	7,884.09	8,760.09	
Sundry debtors (net realizable value).....	41,861.35	46,512.61	
Inventories.....	810,923.27	899,324.74	
			\$2,268,526.83
<i>Capital assets (net values):</i>			
Land.....	500,000.00	300,000.00	
Buildings.....	708,750.00	587,500.00	
Machinery and tools.....	947,081.74	741,201.93	
Furniture and fixtures.....	183,162.95	92,402.22	
			1,721,104.15
Patents.....	200,000.00	500,000.00	
Patterns, drawings and models.....	200,000.00	141,928.00	
Good-will.....	250,000.00	276,428.10	
			918,356.10
<i>Investments in affiliated company:</i>			
The Doe Manufacturing Company of Maine, 5,000 shares, par value \$100.00.....	500,000.00		500,000.00
<i>Affiliated company current account:</i>			
The Doe Manufacturing Company of Maine.....	291,400.90		291,400.90
<i>Deferred charges:</i>			
Organization expense.....	Nil	115,000.00	
Experimental expense.....	Nil	207,501.09	
Discount on bonds.....	Nil	407,821.50	
Unexpired insurance premiums.....	10,211.43	10,211.43	
			740,534.02
			<u>\$6,439,922.00</u>

LIABILITIES

<i>Current liabilities:</i>	
Notes payable.....	\$ 550,000.00
Accounts payable.....	589,021.60
Accrued bond interest.....	80,000.00
Miscellaneous accruals.....	207,028.14
	<u>\$1,426,049.74</u>
<i>Capital liabilities:</i>	
First mortgage 8 per cent. gold bonds	2,000,000.00
<i>Capital stock:</i>	
Preferred.....	1,000,000.00
Common.....	1,000,000.00
	<u>2,000,000.00</u>
<i>Surplus.....</i>	1,013,872.26
	<u>\$6,439,922.00</u>

held by the newly formed company. The solution of the proposition will proceed on this assumption.

Acquisition of New Jersey Company

The acquisition of the New Jersey corporation would be shown by journal entries as follows:

First mortgage 8 per cent gold bonds of The Doe Manufacturing Company of New Jersey.....	2,000,000.00	
Premium on first mortgage 8 per cent. gold bonds of The Doe Manufacturing Company of New Jersey.....	400,000.00	
To Preferred stock Common stock		1,500,000.00 900,000.00
For acquisition of bonds of The Doe Manufacturing Company of New Jersey.		

Accrued bond interest on bonds of The Doe Manufacturing Company of New Jersey.....	80,000.00	
To Preferred stock		80,000.00
For acquisition of right to accrued interest on bonds of The Doe Manufacturing Company of New Jersey.		

Cash.....	250,000.00	
Preferred stock of The Doe Manufacturing Company of New Jersey.....	1,000,000.00	
To Preferred stock Common stock		750,000.00 500,000.00
For acquisition of preferred stock of The Doe Manufacturing Company of New Jersey.		

Cash.....	250,000.00	
Common stock of The Doe Manufacturing Company of New Jersey.....	1,000,000.00	
To Preferred stock Common stock		300,000.00 950,000.00
For acquisition of common stock of The Doe Manufacturing Company of New Jersey.		

Cash.....	51,948.09
Notes receivable.....	535,575.08
Accounts receivable.....	640,208.09
Accrued interest.....	7,884.09
Sundry debtors.....	41,861.35
Inventories.....	810,923.27
Land.....	500,000.00
Buildings.....	708,750.00
Machinery and tools.....	947,081.74

Furniture and fixtures	183,162.95
Patents.....	200,000.00
Patterns, drawings and models.....	200,000.00
Good-will.....	250,000.00
Capital stock of The Doe Manufacturing Company of Maine.....	500,000.00
The Doe Manufacturing Company of Maine current account.....	291,400.90
Unexpired insurance premiums.....	10,211.43
To First mortgage 8 per cent gold bonds of The Doe Manufacturing Company of New Jersey.....	
Notes payable.....	2,000,000.00
Accounts payable	550,000.00
Accrued bond interest on bonds of The Doe Manufacturing Company of New Jersey.....	589,021.60
Miscellaneous accruals.....	
The Doe Manufacturing Company of New Jersey.....	80,000.00
For acquisition of assets and assumption of liabilities of The Doe Manufacturing Company of New Jersey.	2,452,957.25

Acquisition of Maine Company

The Delaware corporation would then own 5,000 shares of the capital stock of the Doe Manufacturing Company of Maine. The stock had a par value of \$100 per share. Reference to the balance sheet of the Maine corporation will indicate that \$750,000 of stock was outstanding, or 7,500 shares. Minority stockholders in the Maine corporation, therefore, held 2,500 shares. These shares were to be sold to the Delaware corporation by the minority stockholders of the Maine corporation. The acquisition of this stock and the taking over of the Maine corporation may be recorded by means of journal entries as follows:

Capital stock of The Doe Manufacturing Company of Maine.....	250,000.00
Premium on capital stock of The Doe Manufacturing Company of Maine.....	125,000.00
To Preferred stock Common stock	250,000.00 125,000.00
For acquisition.	

Land.....	200,000.00
Buildings.....	396,201.82
Machinery and tools.....	358,740.91
Furniture and fixtures	41,290.50
Cash.....	48,921.90
Notes receivable.....	27,500.00
Accounts receivable.....	161,215.04
Accrued interest.....	550.00
Sundry debtors.....	8,270.60
Inventories.....	173,843.19
Unexpired insurance premiums.....	4,126.12
To 6 per cent. first mortgage gold bonds of The Doe Manufacturing Company of Maine	100,000.00
Accounts payable	95,468.93
Miscellaneous accruals.....	11,747.50
The Doe Manufacturing Company of Maine.....	922,042.75
The Doe Manufacturing Company of Maine, current account	291,400.90
For acquisition of assets and assumption of liabilities.	

Cancellation of Liability to New Jersey and Maine Corporations

After these entries are made, there will be shown a liability to the New Jersey corporation of \$2,452,957.25, the amount set up in the fifth entry that has been given, and a liability to the Maine corporation of \$922,042.75, as shown in the seventh entry. These liabilities were apparently to be extinguished by the surrender of the stock of the New Jersey corporation and the Maine corporation, respectively. The transactions may be recorded by journal entries as follows:

The Doe Manufacturing Company of New Jersey.....	2,452,957.25
To Preferred stock of The Doe Manufacturing Company of New Jersey.....	
Common stock of The Doe Manufacturing Company of New Jersey.....	1,000,000.00
Surplus.....	1,000,000.00
For surrender of stock.	452,957.25
The Doe Manufacturing Company of Maine.....	922,042.75
To Capital stock of The Doe Manufacturing Company of Maine.....	
Surplus.....	750,000.00
For surrender of stock.	172,042.75

(Continued on page 18)

What Constitutes a Will Contest?

*Discussion by ORRIN R. JUDD, LL.B., C.P.A., at
meeting of Bar Association • Grounds for contesting
will • Interpretation • "No-Contest" clause • •*

THE subject in the discussion of which I have been asked to lead this afternoon is, "What Constitutes a Will Contest?" This question can be answered in a single sentence. The contest of a will is begun by the filing of objections to the admission to probate of a written instrument propounded as the last will and testament of a deceased testator. In New York probate practice, the will is presented by the executor to the Surrogate's court, with a petition praying that it be admitted to probate and that letters testamentary thereon be issued to the executors named in the will. The testimony of the subscribing witnesses to the will is submitted in proof of its due execution.

The usual grounds for contesting a will are

First: That the alleged will was not executed by the testator in the manner required by law.

Second: That the testator at the time of making the will was not of sound mind and memory and capable of making a will.

Third: That the execution of the will was obtained by undue influence.

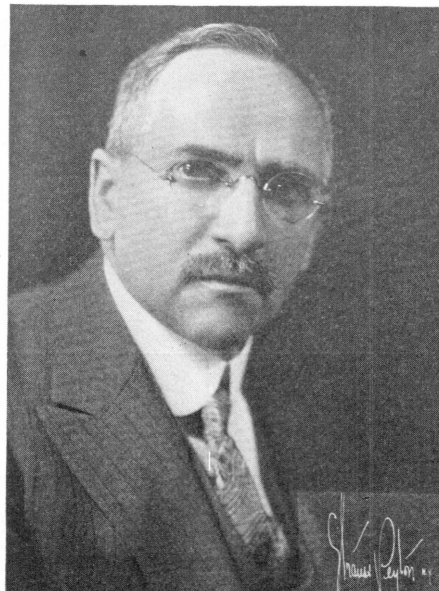
Fourth: That the execution of the will was obtained by fraud and misrepresentation.

Other grounds that are sometimes alleged are, that the alleged will is a forgery or that it has been revoked.

The only persons who have a right to contest a will or a codicil to a will are those who would receive the property of the decedent if the will were set aside. These are his next of kin and heirs-at-law, who would take in case of intestacy, beneficiaries under a prior will, or beneficiaries under the disputed will whose legacies have been revoked or reduced by a codicil thereto. (The latter would of course object only to the codicil which changed their benefits.)

Any one of these persons may file with the court an answer and objections to the petition for probate on any

or all of the grounds above mentioned, and demand a trial of the issues thus raised. The filing of such an answer and objections constitutes a contest of the will, even though they may be subsequently withdrawn.



ORRIN R. JUDD LL.B., C.P.A.
*Vice-President, Irving Bank-Columbia Trust
Company of New York City.*

Will contests are notoriously expensive and often engender bitter controversies and family antagonisms. With a desire to prevent waste of their estates through litigation and to preserve peace and harmony among their legatees, testators sometimes seek to prevent contests by writing into their wills a condition to the effect that any legatee who disputes or attempts to set aside the will shall forfeit his right to receive any benefits under it. This condition is referred to in legal language as an *in terrorem* clause; that is a clause by way of warning or intimidation. I suppose the real question before us is, how far a condition of this kind in a will should be given full force and

effect, and this affords material for an interesting study.

A good example of a no-contest condition taken from the will of a well known man is the following:

"In case any person to whom any legacy is given or to whom any beneficial use or interest in or income of any trust fund is given in my said will or codicil shall oppose the probate of the same before the surrogate or any court or shall take any legal proceedings of any kind in any court to set aside the said will or codicils or either of them or any part of them or shall cooperate and aid in any such proceedings or shall refuse to accept the provisions made for his or her benefit therein, then and in that case I revoke all or any legacies in favor of any such person."

But not every provision that a testator includes in his will will be enforced. Contracts or other instruments which violate the principles of justice, morality and convenience, the courts will refuse to enforce as being contrary to public policy, or the policy of the law, even though there may be no specific provision of law applicable to the case.

Whether or not such a provision in intimidation of contest shall be strictly construed in a particular case is a question that has frequently been brought before the courts by executors and unsuccessful contestants. Legal text-book writers generally agree that the law on this point is in a state of confusion, both in the United States and in England. On the one side it is argued that to hold that a legatee who objects to the probate of a will on reasonable and probable grounds must forfeit his legacy if he fails to produce sufficient evidences to prove his case beyond a reasonable doubt, is contrary to good public policy, in that it has a tendency to encourage fraud and coercion. On the other hand it is quite as important that the contest of wills without probable and just cause shall not be sanctioned by the courts, for litigation would thus be promoted, equally against sound public policy.

In England it was formerly held that a no-contest provision was always operative, but more recent decisions have modified this rule. It has been held good as to real property but void as to personal property unless the testator also made a gift over, that is an alternative bequest of the property which the contestant had forfeited. A general residuary clause has been held insufficient to constitute a gift over.

The American rule seems to be that where a contest is made on fair and reasonable grounds the forfeiture of benefits will not be enforced in case of failure of the contestant to prove his case. A comparatively recent decision by the highest court in Connecticut says:

"No arbitrary rule meets well the cases likely to arise under this head, but circumstances ought to influence construction."

What Constitutes a Contest?

On the question of what constitutes a contest I think there can be no doubt that the filing of objections is a violation of the no-contest condition. Even though they may be subsequently withdrawn and not prosecuted, they may accomplish the purpose of forcing a settlement with the contestant and to this extent defeating the purpose and will of the testator; but the mere asking for a construction of the will would not be a contest. It sometimes happens that the real meaning of words used by the testator is so obscure or uncertain that the executor or some person interested in the will deems it necessary to ask the court to construe the doubtful provision. Such a request for construction unaccompanied by objections to probate would not work a forfeiture under the no-contest clause.

The rights of an infant beneficiary would generally not be affected by the filing of objections by a special guardian of the infant in the discharge of his duty.

This paper may well conclude with an apt quotation from the Connecticut decision in a will contest above referred to, which says—"If one has used the machinery of the law by competent methods and designed to overthrow the expressed wishes of the testator, this amounts to a contest, and the fact that the contest is waived before the actual determination is not conclusive, as such action may and is intended to produce a compromise." This seems to be a complete answer to the question before us.

Tax Prevention

IT is impossible to estimate the amount of federal income and profits taxes that could have been saved to taxpayers had they determined beforehand, from accountants who are familiar with the income tax laws, the income tax effect of proposed transactions. Two cases will be cited.

In 1917, a corporation decided to increase its outstanding capital stock. A plan was put through, under which a new corporation was formed, and the old corporation sold its business to the new corporation in return for all the authorized stock in the new corporation. The old corporation had a capitalization of \$50,000 of common stock and surplus of about \$50,000. The new corporation issued \$100,000 of preferred stock and \$50,000 of common stock to the old corporation in consideration for the sale of the business. The old corporation then was dissolved. The stockholders of the old corporation turned in their stock and each received \$100 par value of common stock and \$200 par value of preferred stock in the new corporation for each \$100 par value of stock which he had held in the old corporation.

The actual value of the stock of the new corporation was exactly the same after the sale as the actual value of the stock of the old corporation immediately before the sale. Nevertheless, the Commissioner of Internal Revenue decided that the transaction gave rise to taxable income under the income tax law then in force, and a tax of upwards of \$35,000 was assessed on the old corporation. Had the company consulted its accountant before the plan was carried into effect, the accountant could have pointed out the income tax effect, and the plan could have been modified in such a way that there would have been no tax.

In 1921, the members of a partnership interested outside capital in their business. Under the plan adopted, the new interests formed a corporation, contributed \$500,000 in cash, and paid the expenses of formation of the corporation. Thereafter, the members of the partnership transferred their property over to the corporation in return for stock in the corporation. The transaction gave rise to approximately \$200,000 of taxable income to the members of the partnership.

The Revenue Act of 1921 provided that no gain or loss would be recog-

nized if property was turned over to a corporation by one or more persons solely in exchange for stock or securities in such corporation, and if immediately after the exchange such person or persons were in control of the corporation. The members of the partnership did not control the corporation as required by the law in order that the transaction might be non-taxable.

Upon audit of the partnership books several months later, the firm's auditor learned of the transaction. He called the partners' attention to the tax effect, but it was then too late to remedy the matter. The accountant showed that had the partners formed the new corporation and transferred their property to the corporation for stock, the transaction would have been non-taxable. Thereafter, the outside interests could have bought stock for the \$500,000 cash and could have reimbursed the partners individually for the expenses incurred in forming the corporation. In this way the same result could have been accomplished with a saving to the members of the partnership of the tax on the \$200,000 of income.

Other instances of similar nature could be mentioned. Sufficient has been said, however, to indicate the importance of securing the opinion of competent advisors in respect to tax effects before undertaking any important business transaction that is out of the ordinary.

Prizes for Cost Essays

Clinton H. Scovell, senior partner, of Scovell, Wellington and Company, accountants and engineers of Boston, and president of the National Association of Cost Accountants, recently made a gift of \$1,500 to the Association to be disbursed under the rules of a prize essay competition. The subject of the essay is, "The Presentation of Costs for Executives, or Executive Use of Cost Data." The time limit for submission of manuscripts is noon, Saturday, May 15, 1926. The prizes are: first, \$750; second, \$400; third, \$200; fourth, \$150. The competition is open to members and juniors of the Association.

Trouble in Jersey

"Not long since there was a conspiracy of the slaves here (New Jersey) upon Raritan River to murder all the White People: But ye Plot being discovered, one was hanged, & the others were punished."—*From the British Monarchy, subdivision dealing with The American Colonies, October 1, 1743.*

are multiplied by the unit cost prices to determine the cost of goods sold. The cost of goods sold is ascertained with respect to each class of merchandise, and on the basis of these figures a journal entry is formulated as follows:

Cost of goods sold, Merchandise 1. . .	xx
Cost of goods sold, Merchandise 2. . .	xx
Cost of goods sold, Merchandise 3. . .	xx
Etc., etc.	
To Finished stock control	xx
For cost of goods sold.	

The details as to month, quantity, unit cost price, and total cost value of each class of goods sold during the month are then posted to the credit side of the appropriate stock card. At the end of the month the quantity balance shown by the stock card should be in conformity with the quantity of the class of merchandise represented by the card. The balance shown by the stock card is checked with the actual stock, determined by inspection and count of the goods on the shelves. In this way, adequate stock control at monthly intervals is obtained.

At the end of the month, a schedule is drawn off of the money balances shown by the various stock cards. The stock cards are, in fact, a subsidiary ledger supporting the finished stock control account, and the total of the schedule mentioned is reconciled at monthly intervals with the balance of the finished stock control account.

The form of sales book illustrated has the advantage over the ordinary form of sales book, in which money amounts of sales are extended to classification columns, in that information respecting the quantities sold, as well as the money value of the sales respecting each class of merchandise, is available.

The form of sales book mentioned is not applicable to all types of concerns, but only to those concerns which sell a limited number of types of merchandise, and at standard prices. It would not be practicable to determine the dollars value of the sales of any class of merchandise if the sales were made at varying prices for various lots, unless, as in the illustration given, the merchandise is billed at a standard price, and the adjustment of the price is made through a trade discount or other similar account.

PAUL G. HAROTH, Class E-502, Boston Pace Institute, has transferred his office to 456 Park Square Building, Boston, for the public practice of accountancy.



WILLIAM H. CHAPMAN
Controller, Durant Motor Company
of Michigan

CONTROLLER of the Durant Motor Company, you say? That is quite a position, is it not—a position entailing a varied experience as well as a broad knowledge of accountancy principles?

Yes. All these things and more are true. To fill successfully the office of controller of a large corporation such as the Durant Motor Company of Michigan, is a big order. As one of its major executives, he must have the ability to organize, to assemble facts, to manage employees, to draw sound conclusions. He must be able to visualize the future of his company on the basis of present facts. He must be able to coordinate the financial aspects of operations. He must maintain at all times the perspective of the chief executive. The position is one of control and supervision—a position of vital importance in the set-up of the modern organization.

Long experience in varied lines of work and a thorough training in the principles of modern business and accounting are necessary to prepare a man for an executive position of this kind—to assure an ability to cope with the vital problems that are sure to arise.

Mr. William H. Chapman, controller of the Durant Motor Company of Michigan is especially qualified to fill his position because of his wide experience and his technical study at Pace Institute.

Work Procedure in Examinations

THE examinations in practical accounting set by the various C. P. A. boards of examiners and by the American Institute are designed to test candidates in that most difficult of all things—the application of theory to a state of facts. It is not strange, therefore, that the subject of practical accounting is the most difficult one with which the C. P. A. candidate has to cope.

Probably one of the chief causes for failure on the part of candidates is the lack of a technical work procedure by which the detail incident to the solution is handled accurately and rapidly. A candidate often spends a large part of the allotted time in wandering aimlessly through the facts of the problem. He may retrace the same steps a number of times. He may become so involved in computations and other detail that he overlooks major matters of theory. He thus becomes hurried and confused, and his paper gives evidence of his lack of seasoned accounting ability.

These unfortunate results can be avoided by the development of systematic work procedures. The accountant, in practice, finds it necessary to develop a technical work procedure and the development of such a method in connection with the solving of problems, as an incident to preparation for an examination, will be found equally beneficial.

Many problems require the preparation of a balance sheet or an operating statement, or both, on the basis of a given statement of facts. Under such circumstances, it is usually preferable to make and submit journal entries for the adjustments, even though journal entries may not be required. The examiner who rates the paper is, through the medium of journal entries, enabled to follow step by step the development of the solution by the student. If the problem calls for statements only, and an error occurs in a statement, the examiner can trace the reason for the error by reference to the journal entries, and can determine the proper number of points that should be deducted for the error made. If the journal entries are not submitted, the examiner frequently has little or no chance to gauge the seriousness of the error and is quite likely to penalize with severity. Furthermore, the candidate himself is able to think more clearly if he reduces each step to technical accounting form, and he is thus able to prevent errors and to correct errors that he may have made.

Accepts Appointment as Instructor at Yale

Former Institute Student will teach Accounting at University in Fall • ROBERT S. CORNISH, Pace Institute, 1920

MR ROBERT S. CORNISH will teach accounting in Yale University next year. This arrangement is quite as it should be, for Mr. Cornish has the academic background of a Yale man, the technical Accountancy training of a Pace Institute man, and practical experience in the subject he is to teach. Let us tell you more about Mr. Cornish, who completed his course at Pace Institute in 1920, and who will be one of the three instructors having the responsibility next year of teaching the Yale undergraduate the principles and practice of the language in which modern commerce expresses itself.

Mr. Cornish was graduated from Yale in 1916 with the degree of Bachelor of Arts. While at Yale—good old Yale—he distinguished himself not only in athletics, but also in his studies and social activities. He was elected to Phi Beta Kappa because of his unusually fine record in the classroom. He became a member of Beta Theta Pi and the Elihu Club, and sang in the choir and the Apollo Glee Club. In athletics, Mr. Cornish won a place on his class crew—a coveted athletic honor.

Shortly after Mr. Cornish was graduated from college, the United States entered the World War. He enlisted as a seaman in the United States Naval Reserve Forces and underwent six months' coast patrol duty. Next he was sent to the U. S. Naval Academy at Annapolis and spent three months in the Reserve Officers' Training School. He was awarded the Commission of Ensign, U. S. N., and was attached to the U. S. S. Dakota until his discharge. Like many other university men, Mr. Cornish was able to prepare for a commission in a comparatively short time.

After the war was over and he had been discharged from the Navy, Mr. Cornish decided that a more practical knowledge of modern business methods than he had, was necessary. Accordingly, he took advantage of the offer made by the Veterans' Bureau to study accountancy, and investigated the work of Pace Institute. He enrolled and completed six semesters' work by May of

1920. The fundamentals of accountancy and business administration in which he was schooled at Pace Institute were supplemented by two years' actual ac-



ROBERT S. CORNISH

counting work with several well known New York corporations and accountancy firms. He was employed as junior accountant by Price, Waterhouse & Company, and by Pogson, Peloubet & Company, and he also did work for the Radio Corporation of America.

In addition to the technical study he undertook at Pace Institute, Mr. Cornish obtained his M. A. degree in economics from Columbia University Graduate School after studying one year (1923-24). In order to supplement his already broad knowledge of accountancy and allied subjects, he attended the Harvard University Summer School in 1925.

For the past two years, Mr. Cornish has, in a measure, been "cashing in" on his long years of study and research. He has been an instructor of economics at the University of New Hampshire, in complete charge of all classes and room schedules in the liberal arts. During his stay at New Hampshire he has taught the following subjects: elementary economics, elementary accounting, corporations and the trust problem, European economic history and commerce, and United States economic history and commerce.

Although Mr. Cornish undertook the study of accountancy at Pace Institute with teaching in view—a different object from the one held by most Pace students—his success has been quite as phenomenal as any of them. Starting with his four years of under-graduate work at Yale, followed by practically four years special work at Columbia, Harvard, and Pace Institute, Mr. Cornish has laid a broad and sound base for a productive career of teaching—teaching of a sort that has been neglected or, at best, prepared for, in the majority of instances, in a mediocral and haphazard way. His attainments in teaching and study augur well for the welfare of the students who will receive at his hands no small part of their preparation for the practical affairs of life.

Public Speaking Club Dinner

FOURTEEN members and guests of the Pace Public Speaking Club attended a dinner given to the graduating members of the Public Speaking classes of Pace Institute at the Planters Restaurant on Wednesday night, February 24, at 6 P.M.

William Weber, a graduate of Pace Institute, New York, acted as toastmaster. After a good dinner, well served, he introduced the different speakers in a manner that would have done credit to a speaker of long experience.

M. C. Smithson, of the faculty of Pace Institute, and the guest of honor at the dinner, gave acceptable words of advice to the members and guests. Several points he made are well worth repeating. He advised that the audience should be kept in suspense, that something be held in reserve with which to surprise them later on. Such tactics tend to sustain interest, whereas if the speaker lays bare the whole idea at the beginning of his talk the audience will lose interest.

Jokes and humorous anecdotes, said Mr. Smithson, are an important though secondary part of a public speech. They may be used to feel out the audience—to

see if it is in a good mood. By telling a funny story, which does not take much conscious effort, the speaker, at the same time, can be planning the outline of his talk.

Following Mr. Smithson's talk each person present spoke a few words on some topic of general interest or about the organization of the Public Speaking Club.

The following people were present: Mary Chambers, Marion McKenzie, William Weber, John Purtill, Manuel Muniz, Milton Ganly, Vincent Wana-maker, Oscar Madsen, Jerry Faber, H. B. Ward, William Taylor, M. C. Smithson, and Tarras Sallfors.

tain increase in salary or that he will leave. It amounts to a "leave it or take it" proposition. No self-respecting employer likes to concede a point on such a basis, and in many instances, without any real reason, an employee sacrifices a vantage point obtained by many years of faithful and efficient service because of this error in opening the discussion of vocational matters.

Once in a while an employer is so ill-advised as to treat with an employee on a similar basis. There may be something in an employee's work which has annoyed the employer for a long period of time. He may have thought about it without mentioning the matter specifically, until, under provocation, he is led to tell the employee that he must cease doing the thing under pain of dismissal. This sort of ultimatum is less usual than the one used by the employee, although there are still plenty of employers of the old type who try to obtain loyalty and support by threats, rather than by rewards of one kind or another. Under such conditions, the employee must either sacrifice his self-respect or resign, and oftentimes an employer loses an employee of long experience who can ill be spared. The net result of such a change is the substitution of an untrained person with little or no lessening of operating expense.

You are familiar, no doubt, with matters of this kind, and I need not give further illustrations. My suggestion tonight, based upon long experience in placing men and women in positions and in giving vocational advice, is that there is no reason in the world why an employer and an employee should not occasionally sit down and talk over, in a friendly and helpful sort of way, the vocational relationship. Unless there is real reason to consider leaving, the employee, in these discussions, should keep entirely away from the suggestion that he wishes to leave his employment, inasmuch as the maintenance of a feeling of loyalty to the job is essential to the best working out of the relationship of employer and employee.

Vocational crises, therefore, should be avoided so far as possible by friendly conference. The vocational ultimatum should rarely be invoked as a means of settling a difference of opinion between employer and employee. In place of the ultimatum, friendly discussion should take place with respect to a problem in which the economic interests of the parties to the discussion are joint and mutual, rather than antagonistic.

The Vocational Ultimatum

Logical plan for negotiating vocational problems • Vocational Ultimatum the last resort • How not to ask for a "raise"

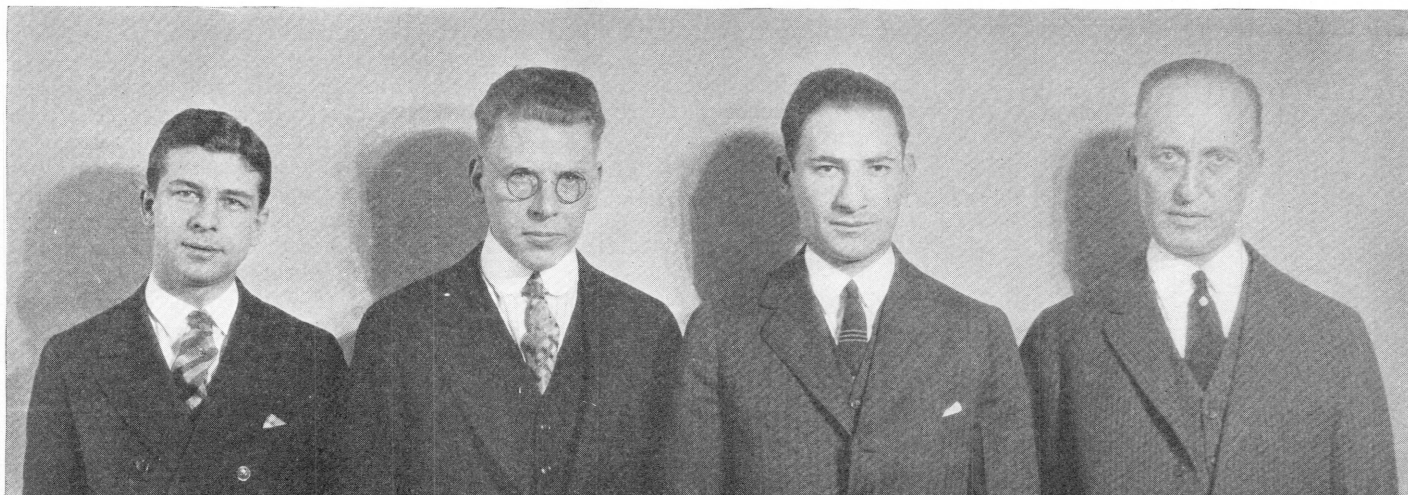
JUST how successfully does each reader of *The Pace Student* handle the vocational crises which occur in his personal affairs? By a "vocational crisis" is meant such a crisis as arises when a man loses his position and must start out to find another, or possibly when he has a serious negotiation with his employer about compensation. No one knows better than the writer, by reason of his long experience in making placements, how very real one of these crises may be, and how very serious coincident conferences between husband and wife may be because of ever pressing demands for rent, and food, and clothes, and other personal and family necessities.

The vocational ultimatum should rarely be used in any conference between an employer and employee. The word "ultimatum," as you know, is defined to mean a "final proposal or statement of conditions." When there is a difference of opinion between two nations, there are negotiations or "conversations" between the representatives of the two countries, and if the differences are of a serious character and no understanding or agreement can be reached, the last resort is for each country to issue what is known as an "ultimatum." An ultimatum is usually not open to argument, and the attitude

of the country issuing it is that the other country will have to take the proposition or leave it, as the case may be. If the country receiving the ultimatum does not back down and accept its terms, war usually results. Now, an ultimatum, as you can easily see, is about the last resort in negotiations, and usually immediately precedes the breaking off of friendly relations between two countries.

In vocational matters, strangely enough, an employee often starts his negotiations by issuing an ultimatum to his employer. The employee will think over his own status, the amount of salary he receives, the nature of his work, the fact that other people have been promoted, and the like, and oftentimes he comes to a dissatisfied state of mind. He may talk the matter over with members of his family, and consider it off and on for weeks or months without mentioning the subject to his employer. When he finally gets ready for a conference he will have fought imaginary battles with his employer, will have had his demands—in imagination at least—turned down, and will be in the same mental state as the diplomat who has no recourse left but the ultimatum.

The employee's ultimatum usually is to the effect that he must have a cer-



Officers of Alumni Association

Here they are—four, count them, four—the officers who will guide for the ensuing year the destinies of that great and growing society of graduate accountants—the Pace Alumni Association. They are, these four, from left to right: Arthur S. Swenson, C. P. A. (N. Y.), president; Oscar J. Youngsberg, first vice-president; Joseph Sussman, C. P. A. (N. Y.), second vice-president; F. M. Schaeberle, C. P. A. (Ohio), executive secretary. Read below of their election.

LEWIS H. POUNDS, treasurer of the State of New York, as the guest of honor at the regular March meeting of the Pace Alumni Association, gave a very interesting talk on the subject of state finances.

Mr. Pounds spoke of the manner in which the money necessary for the proper administration of the state government is collected. According to Mr. Pounds, the New York State Tax Commission has complete charge of collecting the different taxes and levies, including the income tax, the motor vehicle taxes, the taxes levied upon corporations, which comprise in all three-fourths of the revenues of the state. He described in detail also where the remaining one-fourth is collected. Mr. Pounds' description of the disbursement of the state moneys and the methods of checking them were especially interesting to the alumni as accountants because of their interest in matters of accounting and control. Funds, he said, were disbursed only upon warrant of the State Comptroller, signed by the State Treasurer, and countersigned by the Comptroller.

To safeguard the state money, it is deposited in various community banks throughout the state. In this connection he told of the State Treasurer's duties in holding special funds such

as the Teachers' Retirement Fund and the State insurance deposits.

In addition to his comprehensive outline of the financial system of the state of New York, Mr. Pounds told about the state and city debt services and the trend of financing policy of these civic units. At the conclusion of his talk, he answered a number of questions asked by the alumni. Although his subject was of a highly technical nature, he made it generally interesting and instructive by the use of many simple illustrations.

Besides listening to the speech of Mr. Pounds, the association had time to hear the financial report of the executive secretary, and to conduct the annual elections. At the request of Vice-President Swenson, who was conducting the meeting in the absence

of President Mendes, Mr. Bulin conducted the voting. The regular ticket, nominated by the nominating committee, was elected without exception. The officers and governors for the ensuing year are: President, Arthur S. Swenson, C. P. A. (N. Y.); first vice-president, Oscar J. Youngsberg; second vice-president, Joseph Sussman, C. P. A. (N. Y.); and executive secretary, Frederick M. Schaeberle, C. P. A. (Ohio). The seven governors to serve for one year are as follows: G. H. Coppers, class of '25; Mrs. Florentine D. Goodrich, class of '16; F. J. Haller, class of '24; E. O. Kallman, class of '23; Joe Myer, faculty representative; E. Talvensaari, class of '19 and faculty representative; and Harry Weinstein, class of '25. Under the articles of the Constitution, the two retiring officers, namely, Henry E. Mendes and John H. Bulin, Jr., become ex-officio members of the board of governors, with full powers of participation in management.

This meeting, which was one of the most enjoyable of the year, was very well attended. The dinner was good; Joe Myer did his stuff; the elections were held in record time; and Mr. Pounds' talk, to say the least, was a great success. The next meeting, which will be held on the 17th of April, will be the last one until next fall.

Alumni Notice

William H. West, President of the American Institute of Accountants, will address the next Luncheon Meeting of the Pace Alumni Association.

Make your reservation to-day for a place at this Luncheon—the last one until September—Saturday, April 17th, at 1.30 p. m.

F. M. SCHAEBERLE,
Executive Secretary

California Pace Men

PACE students and graduates are found wherever accounts are kept or financial results stated. It's a great fraternity—this group of a hundred thousand men and women who have, in one city or another, taken part or all of the Pace course in Accountancy and Business Administration.

Nowhere are Pace men more productively engaged in the public or private practice of Accountancy than on the Pacific coast. Here's a partial list of them recently published by the San Francisco Institute of Accountancy—a big and successful private school of Accountancy giving the Pace course:

W. S. ALEXANDER, Auditor, California Pacific Title Insurance Co., San Francisco, Calif.; EDWARD S. ALEXY, C. P. A., San Francisco, Calif.; JOHN D. BRETHAUER, C. P. A., Berkeley, Calif.; CHARLES H. BROWN, Auditor and Office Manager, Schwabacher-Frey Stationery Co., San Francisco, Calif.; FRED. D. BULLOCK, C. P. A., Member of the firm, Bullock & Kellogg, Certified Public Accountants, San Francisco, Calif.; CHARLES D. CHASE, C. P. A., Partner—Chase & Whiffer, Accountants and Auditors, San Francisco, Calif.; O. F. CLAYTON, C. P. A., Oakland, Calif.; G. W. COLEMAN, Pacific Coast Auditor, Westinghouse Electric & Manufacturing Co., San Francisco, Calif.; DAVID A. DARR, Chief Accountant, J. B. Colt Co., San Francisco, Calif.; H. W. DOLF, Assistant Auditor, Alexandria Hotel, Los Angeles, Calif.; PHILLIPS A. DUNFORD, Office Manager, Jones Bros. Asbestos Supply Co., Inc., San Francisco, Calif.; H. W. EWING, C. P. A., San Francisco, Calif.; J. E. GALE, Manager, Geo. W. LUFT, Distributing Co., San Francisco, Calif.; D. R. HARPER, Chief Accountant, Oakland Title Insurance & Guaranty Co., Oakland, Calif.; GEORGE KASCH, C. P. A., San Francisco, Calif.; H. A. KELLOGG, C. P. A., Member of the firm, Bullock & Kellogg, Certified Public Accountants, San Francisco, Calif.; ALLEN C. KING, Chief Clerk, Western Sugar Refinery, San Francisco, Calif.; P. H. LESLIE, Auditor and Credit Manager, Alexandria Hotel, Los Angeles, Calif.; G. L. MORRISON, Office Manager, Acme Ice Cream Co., San Francisco, Calif.; CHAS. N. PARLIER, C. P. A., Oakland, Calif.; P. H. PHILLIPS, Chief Accountant, Associated Oil Company, Avon Refinery; L. T. PRENTICE, Auditor, Montgomery, Ward & Co., Oakland, Calif.; VINCENT G. RYAN, Office Manager, Lee Tire & Rubber Co., of N. Y., San Francisco, Calif.

Origin of Double Entry

"THE origin of bookkeeping, like that of most other useful arts, is involved in great obscurity. It is generally supposed to have been first practiced at Venice in the fifteenth century, when that city was the grand Emporium of Europe. Some writers, however, think that Double Entry was known to the ancients, and revived only in Italy with the revival of commerce; and several passages are quoted, which show that the ancients entered the re-

ceipts and payments of money on opposite pages, in the way of Debtor and Creditor; but nothing beyond Single Entry can be inferred from this practice: Nor is it probable that anything more was wanted in the rude and simple state of ancient commerce. Insurance, Bills of Exchange, and other modern improvements, demanded, and in all probability, produced, correspondent improvements in the mode of keeping Accounts; but that which places the subject in the clearest light is, that none of the technical terms of Double Entry are to be found in the ancient languages, but appear to be immediately derived from the Italian, as adopted in the other languages of Europe.

"The nature of Bookkeeping admits of various conjectures with respect to

its origin. The double purpose of a Bill of Exchange, and the manner of recording the same, might have very naturally suggested the idea of Double Entry; the principle might have been even deduced from the Axioms of Euclid, or the properties of an Algebraic Equation; and the first European who translated Algebra from the writings of the Arabians, is also supposed to have written the first Treatise of Bookkeeping. It was published in the Italian language at Venice about the year 1495, by Lucas de Burgo, a Friar, who likewise wrote several useful works on Mathematical subjects."—*From "The Elements of Bookkeeping," Comprising a System of Merchants Accounts founded on Real Business, by P. Kelly, Master of Finsbury-Square Academy, London, published in Philadelphia, 1803.*

What do you Read and Why?

PRAY give consideration, reader of *The Pace Student*, to a few interrogatories with respect to your reading.

How much time do you give to reading each week?

What do you read?

Are you well-informed on current events and able to hold your own in business conferences and in social gatherings?

Do you follow, are you now following, the strategy of the commercial nations of the world, as they move the rubber, and coffee, and other products back and forth upon the checkerboard of world trade and commerce?

Was Hoover justified in blocking, in this country, the \$50,000,000 financing of the Brazilian coffee merchants, and was it good business to allow English interests to make the loan?

Is the stock market, in the opinion of the best informed, off to another general advance in prices, or is it working around to a dull and uneventful summer season?

Do you fit the details of your own business into the general scheme of world and national finance, or do you go ahead on the assumption that your business affairs are entirely unrelated to finance in general?

Do you keep in touch with developments in the scientific world—with explorations, discoveries, inventions, and research work in biology and medicine?

Do you select the books you read with the idea of building up your

knowledge, of adding to your cultural background?

Do you read biographies, books of travel, and histories, as well as fiction?

Do you limit yourself in reading fiction to current fiction, or do you work in a bit of Stevenson, Dickens, or Scott, as you move along in your reading program?

A thousand questions and more of this general character could be asked of you. In all probability you could not show anything more in the way of a reading program than mere drifting along on the basis of reading a favorite newspaper, a favorite magazine or two, and the haphazard reading of current fiction.

Here is a suggestion for the better utilization of the hours you devote to reading—a suggestion of a very practical sort.

Make a time study of the amount and character of your reading. You can use for this purpose a small memorandum book in which a page can be allotted to each day of the week. Begin in the morning and set down the name of your morning paper, and the minutes given to reading at breakfast or on the way to work. Indicate the time given to reading sensational news, financial news, and news of a political and scientific interest. Do the same with respect to the time spent on your evening paper.

If during the day you read magazines or other periodicals, follow the same plan, noting the name of the periodical and the general character of the ma-

terial you read. In this instance you would need to add a classification for fiction, and another for travel, humor, and poetry. Notation should also be made of the time you give to the reading of books, study, and the like.

Keep the procedure up for at least a week. A single week, of course, is a short term, and your time study is not likely to give you a complete view of your reading, especially with respect to magazines and books. However, if you carry out this scheme for seven days, including particularly the time given to reading on Sunday, you will have some idea of the time you actually use in reading, and some idea of the character of the material read.

At the end of one week you may have facts enough in hand to enable you to shape up a little better reading program for the second week. If so, plan your reading a little more definitely and continue with the time study, noting whether you increase the time, and also whether you are able to make a better selection of material.

If any reader will thus proceed to make a study of his reading, and will then improve his program on the basis of the facts he develops, he will find that he is making steady gains in knowledge, and in the ability to handle his social and business affairs. He will be able to give a better account of himself in conversation and in business conferences, and he will at all times have in hand material that can be used for talks or addresses if he has opportunity for such talks in fraternal or business organizations of which he is a member. He will organize, in the course of time, the literary atmosphere of his own home, making a more intelligent selection of newspapers, magazines, and books for his family. If he has children in school, a greater coordination of educational and literary interest will soon be in evidence in the home circle.

The problem of personal development and success is very largely a matter of substituting careful planning for haphazard drifting. It does not matter whether it is the development of your ability to earn more income, to control better your expenditures, to become better informed, or to attain some other desirable objective. No matter what your aims may be you can't hope to drift to success and happiness in this modern world of ours in which productive effort is organized and planned and controlled to a degree hitherto unknown.

High School Lecture Service

SINCE last December, lecturers provided by the lecture bureau service of Pace Institute have addressed more than sixteen thousand high school students. The audiences have varied from senior classes of fifty students to general assemblies of twelve hundred and more students.

The list of speakers and their subjects are as follows: Charles T. Bryan, C.P.A., "Opportunities in the Public and the Private Practice of Accountancy," and "The Work, Rewards, and Responsibilities of the Certified Public Accountants"; Charles B. Couchman, C. P. A. (Mo.), "The Value of High School Training in Business"; Harvey M. Kelley, A. M., "The High School Graduate—Looking Forward," and "What the Business Man Expects of a High School Graduate"; J. C. Myer, A. B., "Why You Should Go to College," and "The Qualities of Leadership—School and Business"; M. C. Smithson, A. B., LL. B., "The Ability to Speak Before Others—Its Relation to Business Success"; Alfred F. Upson,

LL. M., "The Relation of Law to Business Affairs and Personal Success," and "Can You Answer These Questions?"; William A. White, Jr., A. B., "The Qualities That Insure Success in the Job," and "My Value to the Business Man."

Among the larger institutions that have availed themselves of this service are the following New York City and other high schools: the Roosevelt High School, the High School of Commerce (New York), the Bushwick High School, the George Washington High School, the Morris High School, the Evander Childs High School, the Girls' Commercial High School, the Wadleigh High School, the Thomas Jefferson High School, the Flushing High School, the Bay Ridge High School; (outside) the Montclair, N. J. High School; the New Rochelle, N. Y. High School; the Hoboken, N. J. High School; the Mount Vernon, N. Y. High School; the Ossining, N. Y. High School, and the Kearney, N. J. High School.

The talks are of a vocational nature, and emphasis is placed upon the imperative need for sound academic education as a basis for business and professional life.

[Corporate Reorganization]

(Continued from page 9)

Surplus Adjustment

As a result of the acquisition of the assets of the New Jersey and the Maine corporations, a credit balance would be shown in the surplus account as follows:

From acquisition of assets of New Jersey corporation.....	\$452,957.25
From acquisition of assets of Maine corporation.....	172,042.75
	<u>\$625,000.00</u>

However, the bonds of the New Jersey corporation were acquired at a \$400,000 premium, and the capital stock of the Maine corporation was acquired at a premium of \$125,000. Since the newly-formed corporation took over the liability for the bonds of the New Jersey corporation as well as the bonds themselves, it would not be entitled to carry the premium on its books as an asset, the bonds presumably either remaining in the treasury or being canceled. Accordingly, the premium carried on the books should be written off. Furthermore, the capital stock of the Doe Manufacturing Company of Maine was surrendered to the

Delaware company, and it would no longer be proper to carry the premium on such capital stock in the books. Entry to write these items off is as follows:

Surplus.....	\$525,000.00
To Premium on first mortgage 8 per cent. gold bonds of The Doe Manufacturing Company of New Jersey.....	\$400,000.00
Premium on capital stock of The Doe Manufacturing Company of Maine.....	125,000.00
For writing off latter.	

The newly formed corporation was to pay out \$100,000 as reorganization expense. As this item was to be immediately charged off, (presumably against surplus) entry covering the proposed transaction would be as follows:

Surplus.....	\$100,000.00
To cash.....	\$100,000.00
For payment of reorganization expenses.	

Balance Sheet

The foregoing entries may be posted to skeleton (T) ledger accounts. As a practical matter, because of the large number of accounts that are involved, the use of a working sheet is to be preferred. The working sheet may be so designed that the various classes of transactions can be set up in separate columns and a comprehensive view of the progression of the entries thus obtained.

On the basis of the balances shown in the ledger accounts or on the working sheet, a prospective balance sheet of the corporation to be formed may be prepared as follows:

THE DOE MANUFACTURING COMPANY OF DELAWARE

Balance Sheet as at December 31, 1925

(After giving effect to proposed reorganization and financing)

ASSETS

Current assets:

Cash	\$ 500,869.99	
Accounts receivable	801,423.13	
Notes receivable	563,075.08	
Accrued interest	8,434.09	
Sundry debtors	50,131.95	
Inventories	984,766.46	
		\$2,908,700.70

Capital assets:

Land	700,000.00	
Buildings	1,104,951.82	
Machinery and tools	1,305,822.65	
Furniture and fixtures	224,453.45	
		3,335,227.92
Patents	200,000.00	
Patterns, drawings and models	200,000.00	
Good-will	250,000.00	
		650,000.00

Deferred charges:

Unexpired insurance premiums	14,337.55	
		\$6,908,266.17

LIABILITIES

Current liabilities:

Accounts payable	\$ 684,490.53	
Notes payable	550,000.00	
Miscellaneous accruals	218,775.64	
		\$1,453,266.17

Capital liabilities:

6 per cent first mortgage gold bonds of The Doe Manufacturing Company of Maine	100,000.00	
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Capital stock:

Preferred	2,880,000.00	
Common	2,475,000.00	
		5,355,000.00
		\$6,908,266.17

Reconciliation of Surplus

The reconciliation of surplus that is required by the terms of the proposition may be set forth in the following form:

THE DOE MANUFACTURING COMPANY OF DELAWARE

Reconciliation of Surplus per Balance Sheet

as at December 31, 1925, with Surpluses shown by
Balance Sheets of The Doe Manufacturing Company of New Jersey
and The Doe Manufacturing Company of Maine as at December 31, 1925

Surplus shown by balance sheet of The Doe Manufacturing Company of New Jersey	\$1,013,872.26	
Adjustments by way of deductions:		
Value of assets per balance sheet of The Doe Manufacturing Company of New Jersey	\$6,439,922.00	
Value at which assets were taken over by The Doe Manufacturing Company of Delaware	5,879,006.99	
		560,915.01
Premium on first mortgage 8 per cent. gold bonds of The Doe Manufacturing Company of New Jersey	400,000.00	
		960,915.01
Surplus on balance sheet of The Doe Manufacturing Company of Delaware arising through acquisition of The Doe Manufacturing Company of New Jersey		\$ 52,957.25
Surplus shown by balance sheet of The Doe Manufacturing Company of Maine		201,867.33
Adjustments by way of deductions:		
Value of assets per balance sheet of The Doe Manufacturing Company of Maine	1,450,484.66	
Value at which assets were taken over by The Doe Manufacturing Company of Delaware	1,420,660.08	
		29,824.58
Premium on capital stock of The Doe Manufacturing Company of Maine acquired	125,000.00	
		154,824.58
Surplus on balance sheet of The Doe Manufacturing Company of Delaware arising through acquisition of The Doe Manufacturing Company of Maine		47,042.75
Organization expenses		100,000.00
		100,000.00
Surplus per balance sheet of The Doe Manufacturing Company of Delaware		Nil

General Comment

From the viewpoint of the accountant, the presentation of a so-called balance sheet showing financial condition after giving effect to proposed transactions, or transactions that will occur subsequent to the date as at which the balance sheet is prepared, is not entirely satisfactory. The transactions themselves may never occur, and the balance sheet may get into the hands of persons who may be misled into thinking that it represents actual conditions. The matter was referred by the Council of the American Institute of Accountants to Institute's Special Committee on Cooperation with Bankers for consideration from the viewpoint of the public accountant, with a view of determining the extent to which the public accountant should go in preparing and certifying to such a statement.

The result of the committee's work found expression in a report to the Council, recommending general rules for the guidance of members of the Institute with reference to the issuance of such statements and certificates. The

report of the committee was presented in an article in the April, 1924, issue of *The Pace Student*. The recommendations then made by the committee, which have since been considered by accountants generally as indicating the extent to which accountants might go in connection with certifications of statements giving effect to proposed transactions, are as follows:

"I. The accountant may certify a statement of a company giving effect as at the date thereof to transactions entered into subsequently only under the following conditions, viz.:

"(a) If the subsequent transactions are the subject of a definite (preferably written) contract or agreement between the company and bankers (or parties) who the accountant is satisfied are responsible and able to carry out their engagement;

"(b) If the interval between the date of the statement and the date of the subsequent transactions is reasonably short—not to exceed, say, four months;

"(c) If the accountant, after due inquiry, or, preferably after actual investigation, has no reason to suppose that other transactions or developments have in the interval materially affected adversely the position of the company; and

"(d) If the character of the transactions to which effect is given is clearly disclosed, i.e., either at the heading of the statement or somewhere in the statement there shall be stated clearly the purpose for which the statement is issued.

"II. The accountant should not certify a statement giving effect to transactions contemplated but not actually entered into at the date of the certificate, with the sole exception that he may give effect to the proposed application of the proceeds of new financing where the application is clearly disclosed on the face of the statement or in the certificate and the accountant is satisfied that the funds can and will be applied in the manner indicated. It is not necessary that the precise liability shown in the balance sheet before adjustment should actually be paid out of the new money. It is sufficient, for instance where the balance-sheet before the financing shows bank loans, if the proceeds are to be applied to bank loans which are either identical with or have replaced the bank loans actually outstanding at the date of the balance sheet. Ordinarily, however, the accountant should not apply the proceeds of financing to the payment of current trade accounts payable, at least not against a normal volume of such current accounts payable, because there must always be

such accounts outstanding and the application of new moneys against the outstandings at the date of the balance sheet results in showing a position which in fact could never be attained. The accountant may usually best satisfy himself that the funds will be applied as indicated by getting an assurance from the issuing house on the point.

"III. In any description of a statement or in any certificate relating thereto it is desirable that the past tense should be used. It should also be made clear that the transactions embodied have been definitely covered by contracts.

"IV. When the accountant feels that he cannot certify to such a hypothetical statement, probably because of the length of the period which has elapsed since the accounts have been audited, he may be prepared to write a letter, not in certificate form, stating that at the request of the addressee a statement has been examined or prepared in which effect is given, in his opinion correctly, to proposed transactions (which must be clearly specified). Such letters should be given only in very special cases and with the greatest care."

In addition to the recommendations, the committee presented forms of statement, of certificate, and of a letter coming within the terms of rule IV. These forms, however, merely give expression to the principle laid down in the rules and are not reproduced herein. The full report of the Special Committee on Cooperation with Bankers is published in the year-book of the American Institute of Accountants for the year 1923, and may be obtained from the secretary of the Institute.

fying that rule, I understand that we would write '15,738,' whereas we would write '5738' without the comma. If that is a correct interpretation of the rule 'I ast you,' as a little girl I know used to say, what sense there is in that."

The Editor replied to Mr. Scovell under date of March 25, and in the main accepted his criticism, as will appear from the following letter:

"I am pleased to have your letter of March 22nd, and to know that you read the February issue of *The Pace Student*, even if you have landed on us on a spot that is somewhat vulnerable.

"After a fuller investigation of the point than I had previously made, I am inclined to think that the weight of usage and authority is on the side of separating hundreds and thousands by a comma, regardless of whether there are four or more figures given in the entire amount. In short, I believe your criticism is justified. I should particularly hold to your view with respect to using the comma in different amounts that run along in a series, or to any presentation of amounts of money or quantities in an accounting, statistical, financial, or other report.

"One of the best manuals of style published in this country, and one which we are inclined to follow in practically all matters, is that published by the University of Chicago Press. This book on page 63, paragraph 159, states:

"Put a comma after digits indicating thousands, except in a date or in a page reference and not between the constituents of dimensions, weights, and measures:

"1,276, 10,419; 2200 B. C.; p. 2461; 3 feet 6 inches; 4 lb. 2 oz.; 2 hr. 4 min."

"The foregoing is followed by a notation as under:

"Note. *Astrophysical Journal* and *Botanical Gazette* do not use a comma with four figures."

"I give you the foregoing as evidence that there is a considerable usage that follows the rule stated in the article in *The Pace Student*. This usage, so far as I can ascertain, is based on the fact that a four figure number can easily be comprehended without a comma to separate the hundreds and thousands. Every increase in the number of figures above four in a number makes the number more difficult to read, and commas serve to aid in making a quick comprehension of the number easy.

"One further quotation and I shall have concluded. Hotchkiss and Kilduff, in the 'Handbook of Business

The Bothersome Comma

Letter from President Scovell - Modification of Rule stated in February "Student"

OUR readers will be greatly interested in a letter written by C. H. Scovell, president of the National Association of Cost Accountants in which he questions a rule with respect to the use of the comma, as stated in the February issue of *The Pace Student*. Mr. Scovell's letter, which is dated March 22nd, is as follows:

"Today I am writing you as editor of *The Pace Student*, and with reference to the article which appears on page 24 regarding Punctuation and the Use of the Comma.

"I would like to know what authority there is for the statement 'Use the comma to set off groups of three figures in totals of more than four.' Exempli-

English,' state under the heading 'Arbitrary Uses of Punctuation,' the following:

'To separate long numbers for quick and easy comprehension, use commas to divide the figures into groups of three * * * *'

'The foregoing rule, by the inclusion of the word *long*, impliedly indicates that when numbers in an amount are

few enough for quick comprehension the comma is omitted.

"You will see from what I have said that there may be a little sense in the rule, after all, even though there seems to be, from the rather painfully consistent state of mind which many of us who practice accountancy have, that it is an inconsistency. I labor myself so much under this burden of con-

sistency, that I am inclined to think that I shall rule for our own purposes that the comma must separate thousands from hundreds in all instances except such ones as numbers of years or page numbers. For this clarification and modification, and for the rather full investigation of the subject I have made, I am greatly indebted to you."

Arthur E. Chandler

LAST Spring, at the regional meeting of the American Institute at Cincinnati, the writer had a long visit with Arthur E. Chandler—a visit in which many things personal were talked over. Mr. Chandler told of his long struggle to attain success in accountancy practice; of how his firm had become well established and had had an exceptionally prosperous year; of his fine new home which he was then building on Jefferson Avenue, Akron; and of his great happiness in his family relationships. He said that he had for the first time in his life achieved what he considered to be a reasonable measure of success—prosperity in business and a background of an affectionate and satisfactory home life.

From these achievements, attained after two decades of consistent work, Mr. Chandler was called on Thursday, April 1st, at age 44, at the very prime of his manhood. He had been operated on for appendicitis ten days previously and had been making an excellent recovery, until heart complications brought about his untimely death.

Mr. Chandler was a lovable, likeable, public-spirited accountant. He was a regular attendant at the regional meetings of the Institute, and at the annual conventions. He had recently retired as president of the Northern Ohio Chapter of the American Institute, and during his term of office the interests of accountancy, and of its individual practitioners, were conserved and greatly extended in the important region of the country served by that chapter.

Mr. Chandler was a graduate of Central High School, Cleveland, where he spent his boyhood, and where his parents lived. An indication of the decision of character that was his is found in the fact that early in his professional career he gave up a substantial

practice in order to come to New York, where he devoted himself exclusively to the study of accountancy in Pace Institute. After this study he practiced accountancy in Spokane, and later in Edmonton, Alberta.



ARTHUR E. CHANDLER
1882-1926

When the Income Tax Unit was reorganized during the war, it was found that a large number of accountants had already been taken into various departments of army and navy service. There was an urgent demand for accountants to carry out this reorganization work, and Mr. Chandler, at a considerable personal sacrifice, volunteered for the work, and rendered a

most notable service to his Government.

After retiring from the income tax work at the conclusion of the war, Mr. Chandler was instrumental in forming the firm of Chandler, Murray & Chilton, with headquarters in Akron. This firm is exceptionally well-known to the business public of Akron and of northern Ohio, and to fellow practitioners.

Mr. Chandler's popularity in his home community was largely due to the unselfish services he rendered in public movements of all kinds—in taking part in community fund drives, the work of charitable organizations, and the like. He gave a great deal of his time without compensation to the audit of the accounts of various public and non-profit institutions. He was prominent socially and was a member of the Elks, of Rotary, of City Club, and of Portage Country Club. He was also a member of First Congregational Church of Akron.

Mr. Chandler is survived by his widow, Leta, and one child, Miss Hope, and by his sister, Mrs. A. T. R. Cunningham, of Spokane, Washington. His body was interred in Cleveland, Ohio. Many prominent accountants were in attendance at the funeral.

It is difficult indeed to express the sorrow felt by the associates and friends of Mr. Chandler at his untimely death. To those of us who worked with him in war activities, and later in professional accountancy practice matters, his death will leave a void—a dull ache that will long continue. He was a fine example of American manhood, of accountancy at its best. Arthur Chandler, whole-souled, kindly, ethical, able, we can now cherish only as a memory, but that memory we shall long cherish as a dear and helpful possession.

Editorial Opinion by D. W. Springer on Illinois Decision

*Editorial review reprinted from April issue
of Certified Public Accountant - Warning
against Hasty Legislation*

THE March issue of The Certified Public Accountant on page 67 carried the full text of the decision of the Illinois Supreme Court on February 18, 1926, declaring the 1925 Accountancy Act unconstitutional.

It is important to State Boards as well as to certified public accountants that a correct understanding be had of the situation produced by that decision, and in addition to a short historical statement we are presenting a review of the briefs filed by both sides together with the important features of the decision itself.

In the last session of the Illinois legislature a bill, sponsored by the Illinois Society of Certified Public Accountants, was introduced but was defeated. The main point of criticism around which the opposition centered related to the provision granting the right of privileged communications to certified public accountants. After this bill had been defeated, the public accountants prepared a hastily drafted bill which was not submitted to the Attorney General's office for consideration. This bill transferred the administration of the law from the University of Illinois to the Department of Registration and Education of the State of Illinois, although this Department, which was to administer the new law, had not been consulted in its preparation. The law was passed in the closing hours of the legislature and permitted by the Governor to become effective without his signature. It was of a different type of legislation than any law previously enacted, in that it eliminated the title "certified public accountant" so far as future Illinois applicants were concerned and designated as "public accountants" all who might pass the prescribed examination. This placed the Illinois man at a disadvantage as compared

with his brother public accountant from other states. While the law expressly recognized all C. P. A. certificates already issued and provided that holders of C. P. A. certificates from other states might have them registered in Illinois, the Illinois Society of Certified Public Accountants felt that the bill should be attacked in the interest of the public and of the public accountants generally.

In the Circuit Court of Sangamon County, wherein a bill was filed to secure an injunction, the Court ruled that the law was constitutional and from this ruling an appeal was taken to the Supreme Court. Defrees, Buckingham and Eaton, and Dodd, Matheny and Edmunds were the solicitors for the appellants, counsel being Messrs. Buckingham, Dodd & Jones.

In general the claim was made that the Act was "unconstitutional, as unreasonable, arbitrary and invalid exercise of the police power of the State."

It was claimed that the act granted special privileges in that no resident citizen of Illinois could become a certified public accountant of Illinois under the act while others might so become.

It was also claimed that the act was discriminatory in that two methods were prescribed by which persons outside the state holding C. P. A. certificates might enter the state and practice public accounting. The claim was also made that under the act the Department had no discretion in the granting of the original batch of certificates as public accountants. It was also claimed that the prohibition of doing accounting or auditing work for more than one employer is arbitrary, unreasonable and not within the police power of the state. It was also contended that the provisions of the law were impossible of continued performance.

The historical matter presented in Appendix A, which was made a part of the brief, is of such interest that it is reprinted in another part of this issue. The decision refers to material presented in this Appendix, and the distinctions between the different types of recent legislation are very clearly stated.

In the argument, the claim was made that the right to practice as a certified public accountant has been for many years and is now an exceedingly valuable franchise or privilege which would be denied to Illinois citizens hereafter. In the lower court it had been intimated that there might be read into the law by the Department of Registration and Education, if it so desired, the right to issue certificates as certified public accountants to those who passed the examinations which they gave. This right was denied by the counsel for the appellants and their contention was supported by the Supreme Court in its decision.

It was also claimed that the act did not classify employees on a reasonable basis. Stress was laid on the fact that the act penalized not merely for holding oneself out as a public accountant or a certified public accountant but forbade unlicensed or unregistered persons, other than employees, to do any auditing or accounting service for more than one person for pay. The claim was made that this provision was beyond the police power of the state. It will be noted in the historical matter which they submitted that reference is made to the particular provisions on this point of the North Carolina Act and of the Michigan Act. It is indicated that the Louisiana and Maryland laws, while not as specific, are so phrased as to accomplish the same purpose.

The department of Registration and Education was represented by Oscar E.

Carlstrom, Attorney General, B. L. Catron, Assistant Attorney General acting as counsel. The presentation made largely related to the general provisions of the bill, claiming that the act recognized both classes of public accountants and that it was within the power of the state to require, under the general police power of the state, registration of a particular group. It was argued that the act did not discriminate between persons in the same class as has been claimed by the appellants. The State argued that under the provisions of the act it would be proper for the Department to issue Certified Public Accountant certificates as the Department was given authority to make necessary rules with respect to examination and for carrying into effect the purposes of the act. The claim was made and argued that laws regulating the practice of public accountancy have been generally upheld as a valid exercise of the police power of the state. Up to this time the only case that had seemingly been opposed to that theory was the Oklahoma case, and there the conclusion reached seemed to have been due to the fact that the Court believed that the passage of public accountancy laws had been procured by accountants themselves for their own benefit and not in the interest of the public welfare. The argument on behalf of the appellees did not touch the point raised by the appellants that the attempt to control accountants in this particular act had been too broad and not safeguarded as carefully as in the other laws to which reference had been made.

Those who have read the supreme court decision carefully have noted the following points: "It appears clear, therefore, that the act necessarily operates to the advantage of the few persons who held certificates as certified public accountants prior to October 1, 1925, and those holding such certificates from an outside State, and discriminates against all other persons engaged in the business of accountancy, none of whom can ever become a certified public accountant in this State."

The decision refers to the laws passed by other states for the purpose of securing control of public accountants and says, "It must be said that there is in the public mind a marked distinction to be drawn between a public accountant and a certified public accountant, and it is evident that the act under consideration here does not tend to destroy such distinction. That distinction, together with the fact that

under this act no citizen of Illinois not now a certified public accountant can become such, clearly demonstrates a special privilege accorded to those who are allowed to hold themselves out as certified public accountants and a discrimination against those who are not allowed so to do or become certified public accountants. This discrimination is not founded on any reasonable basic classification."

Referring to the two methods by which holders of C. P. A. certificates from other states might practice, the Court said, "A statute can not be sustained which applies to some persons or cases and does not apply to all persons and cases not essentially different in kind."

Discussing the question as to whether the particular provisions in this act were an unreasonable exercise of the police power, the Court said, "In order to say that private business must, in the necessity of public welfare, employ one certified by the State, it must appear that the effect of an audit of that business is a matter of public welfare and not of private concern." However, after discussing this particular provision at length, the Court said, "We do not say that it is beyond the power of the General Assembly to enact a statute requiring that no one shall use the term 'Certified Public Accountant' or the term 'Public Accountant' without having met the requirements of such an act.* * * There is, as we view it, however, a wide difference between acts of that character and one which provides that no one who has not received a certificate as public accountant from the Department of Registration and Education shall be allowed to work at the business or occupation of accountancy for more than one person."

The quotations made from the supreme court decision indicate that the Court did not in reality pass upon the principle of regulatory legislation but

had in mind at all times the phraseology of the particular act which was before it, and as one reads the briefs which were presented, together with the decision, he must reach the conclusion that this type of legislation has not received a set-back as the result of the decision. However, the decision should emphasize the necessity of carefully wording whatever new laws or amendments to existing laws are presented to the legislatures for their consideration. Certainly no law should be presented which has not been passed on by the office of the Attorney General of the State and certainly no law should be presented which has not been considered by the body charged with its administration. Hasty legislation, even though well meant, is usually disastrous. This type of legislation is in the interest of the public, and the public is to be congratulated that the Illinois Supreme Court in its decision clearly indicated that there was a possibility even in that State of securing the regulatory enactments which business interests require.

EDITOR'S NOTE.—*Historical matter is not reprinted but can be found in full in the April issue of "The Certified Public Accountant."*

ACCOUNT [From the old French *acompt*, from *compactus*, Lat. originally written *acompt*: but by gradual softening the pronunciation in time the orthography changed to *account*.] 1. A computation of debts or expenses; a register of facts relating to money. 2. The state or result of a computation; as, the *account* stands thus between us.—DR. SAMUEL JOHNSON, 1755.

J. W. KERA, C. P. A. and JACQUIN A. BINDAMIN announces the formation of a partnership for the general practice of accountancy under the firm name of Kera & Bindamin 152 West 42nd Street, New York City.

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Regional Meeting of Institute

THE best work of the American Institute, it is often said, is found in the regional meetings that are held during the year in various cities. Whether or not this statement is true, it is undoubtedly the fact that much technical and social benefit is received by the members and associates of the Institute who attend a regional meeting.

A regional meeting of this character will be held in Cleveland on May 22nd under the Chairmanship of Lewis Wintermute, secretary of the Northern Ohio Chapter of the American Institute of Accountants. The committee of which Mr. Wintermute is chairman is planning to eliminate from this meeting all technical papers, and to devote the entire day to the story of the Institute. The general topic will be, "The American Institute of Accountants—Some of Its Continuing and Permanent Activities."

The papers and talks are all to be presented by officers, committee chairmen, and past presidents who will bring out what the Institute is, what it does, and what it aspires to do. It is hoped by the committee that each accountant attending will be inspired and confirmed in his determination to conduct his practice on the high ethical plane of a profession and that he will not yield to the lure of commercialism.

Inspectors of Election

THE Stock Corporation Law of New York State, as well as a similar law in other states, provides that every corporation shall appoint inspectors of election. The inspectors of election are required to file an oath with the proper state official to the effect that they will faithfully execute the duties of their office with strict impartiality. They canvass the vote for the election of directors at each stockholders' meeting at which directors are elected. If the right of a stockholder to vote at such meeting is challenged, they require the books and papers containing the list of stockholders to be produced, and determine whether the name of the person whose right to vote is challenged appears upon the list. They file with the proper state authorities a certificate setting forth results of elections.

Frequently, inspectors of election are not provided for at stockholders meet-

ings at which directors are elected, and no certificate is filed with the proper state official respecting the election. In view of the fact that a corporation is a creature of the state, it must be guided by the letter of the law laid down for the conduct of its affairs.

Failure to comply with the provisions of the law having to do with inspectors of election will ordinarily have no serious results. It may happen, however, that a stockholder who did not participate in the election may feel aggrieved at the election of one or more of the directors, or at some act of the directors after their election. Under such circumstances he might very well have the right to bring a proceeding in the supreme court to have the election set aside and the directors removed upon the ground that the statutory provisions of the law respecting their election had not been complied with.

A creditor, too, who believed that his claims against the corporation were prejudiced by action of the directors—such action for example, as the declaration of a large dividend—might also have the right to bring a proceeding in an equity court to have the action of the directors voided on the ground that they had not been legally elected and that their acts were of no force and effect.

For these reasons as well as others that do not appear to require mention in this short article, it is desirable that the statutory provisions respecting the appointment of inspectors of election, and the filing of the results of the election with the proper state authorities, be carried out. The corporate officers, as well as the certified public accountant who audits the corporation's books, should be fully acquainted with this important provision of the statute.

It Is Still Doing Well

"The college at Princetown (called Nassau Hall) was first founded by charter from John Hamilton, Esq., president of the council, about the year 1738. * * * The establishment consists at present (1796) of a president, two professors, two tutors, and a grammar master. * * * There are in the winter session generally from 70 to 80 students in the four classes of the college, exclusive of the grammar school. * * * The annual income of the college at present, by fees of the students and otherwise, is about £1,000. —Morse's Universal Geography, 1796.

"Little Old New York"

"New York is the capital of the state, and stands on the southwest point of Manhattan, commonly called New York Island, at the confluence of the Hudson and East Rivers. The principal part of the city lies on the east side of the island, although the buildings extend from one river to the other. The length of the city on East River is about two miles; but falls short of that distance on the banks of the Hudson. Its breadth, on an average, is nearly three-fourths of a mile; and its circumference may be four miles. * * *

A want of good water is a great inconvenience to the citizens; there being few wells in the city. Most of the people are supplied every day with fresh water, conveyed to their doors in casks, from a pump near the head of Queen Street, which receives it from a spring almost a mile from the centre of the city. This well is about 20 feet deep and four feet diameter. The average quantity drawn daily from this remarkable well, is 110 hogsheads of 130 gallons each. In some hot summer days 216 hogsheads have been drawn from it; and what is very singular, there is never more or less than about three feet of water in the well. The water is sold commonly at three pence a hogshead at the pump. Several proposals have been made by individuals to supply the citizens by pipes; but none have yet been accepted. —Morse's Universal Geography, 1796.

W. A. COLLINS, of the Lansdowne Company, Inc., was recently promoted to the position of Accountant-Manager of that company. In a letter of January 22, Mr. Collins attributes a great deal of his success to "the knowledge gained by being a student at Pace Institute." He goes on to say that he feels repaid in full for the midnight oil that he burned in doing his "quizzes." His advice to present students of the Pace courses is, "When the going seems toughest, plug away."

JOHN F. SWEENEY, a graduate of Pace Institute, Washington, recently purchased the Essex Audit Company of Springfield, Massachusetts.

TO ACCRUE—In a commercial sense, to be produced, or arise; as profits—Dr. Johnson, 1755.

ACCOUNTANT—A computer; a man skilled or employed in accounts.—Dr. Johnson, 1755.

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Pace Institute is a School and more—it is a clearing-house of Accountancy selection and placement, a continuing and potent force in the lives of its graduates. Every day at the Institute calls come from leaders in the public and the private practice of accountancy---from certified public accountants, controllers, and treasurers---for accountancy-educated men and women who must be especially selected for responsible and lucrative positions in Business and Accountancy. Every day requests come from students and graduates for personal-vocational conferences with the accountants, lawyers, and other teachers of the Institute. In this clearing-house of Accountancy, the scientific adjustment of abilities to vocational opportunity is an every-day incident.

Hence it is that the Institute is a school, and more—that it continues as a vital force in the lives and affairs of its great body of graduate students.

Hence it is that its great body of freshmen students—fourteen hundred and seventy starting since last September—were very largely directed to the Institute by men and women who know intimately the character of work at the Institute and its place in the affairs of education and business.

You are cordially invited to inform yourself fully with respect to the activities of the Institute—to meet its teachers, to visit its classes, to seek its counsel. A friendly welcome awaits you, whether you are teacher, parent, student, graduate, prospective student, or are merely a friend without immediate personal interest in Accountancy and Business education. A friendly welcome, we say, awaits you.

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